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ABSTRACT

This report profiles the positions of the six Democratic and six Republican 1988 presidential candidates on policy issues affecting U.S. competitiveness in the global economy. Candidate profiles are provided for: Bruce Babbitt, Michael Dukakis, Richard Gephardt, Albert Gore, Jr., Jesse Jackson, and Paul Simon (Democrats); and George Bush, Robert Dole, Pete DuPont, Alexander Haig, Jr., Jack Kemp, and Pat Robertson (Republicans). The issues include: (1) capital formation; (2) human resources; (3) international trade; and (4) science and technology. The presidential candidates defined the competitiveness issue as a series of interrelated concerns, each of which is sufficiently complex enough to require attention. The majority of the candidates have specific ideas and proposals for addressing the components of the problem. Common themes emerging from the candidates positions were: (1) the macro-economic and structural nature of the competitiveness problem; (2) the need to reduce the federal budget deficit; (3) the primacy of human resource development; (4) finding ways to improve the export performance of U.S. industry; (5) the notions of accountability and productivity; and (6) the need for expanding the federal government's role in certain areas. The need to resolve the federal budget deficit is the issue that dominates the campaign, with the improvement of public education and training of U.S. workers as a close second. Addendums include position statements by Jesse Jackson and Gary Hart. (SM)

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COMPETITIVENESS AND CAMPAIGN '88

Council on Competitiveness
Washington, D.C.
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Council Vice President Lisa Barry served as Project Director and was involved in every phase of the project.

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The opinions, findings and conclusions expressed in this report do not necessarily reflect the views of the Council on Competitiveness National Affiliates.

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FOREWORD

Three years ago the President's Commission on Industrial Competitiveness urged that competitiveness issues be elevated to the top of the nation's agenda. The Commission demonstrated that absent the capability to compete in the global marketplace, the United States would not be able to maintain, much less enhance, its standard of living. Since then, this overriding challenge to America's long-term economic strength has been discussed in myriad forums and in the news media. Competitiveness today is regarded as having reached a crisis level.

One of the Council on Competitiveness' primary objectives is to stimulate greater knowledge and understanding among those public and private decision-makers who can fashion a consensus about the problems and their solutions. Probing analysis must be coupled with a vigorous dialogue. New policies and programs must inevitably flow from common goals that can be supported by all Americans.

The 1988 Presidential election year marks the first opportunity for the subject of competitiveness to enter into a national political debate. Because America's position in the world economy requires Presidential leadership, it is important to know the views of those who aspire to the highest office on the critical issues which comprise the competitiveness agenda.

This election year may become the nation's first referendum on competitiveness issues. For that reason, we believe the American electorate will be well served by having the Presidential candidates' declared views included in the ongoing debate. *Competitiveness and Campaign '88* is the Council's contribution to this process.

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INTRODUCTION

As the 1988 Presidential election year unfolds, Americans are engaged in the process of selecting national leadership that will shape the nation's course into the next decade.

There is a growing concern over a set of issues which affects the nation's future and that of all Americans. These issues deal with the clear relationship between the United States' declining status in the face of an emergent global economy and the ability to attain a high living standard for every citizen. These are the issues of competitiveness — a complex equation reflecting our collective knowledge, skill and determination to invent, produce and exchange goods and services of superior quality in the world marketplace.

Competitiveness has become the overarching issue of our time. It encompasses more than international trade, exchange rates, budget deficits or private investment. It also bears heavily on our capacity to transform technological innovation into new processes and products. Ultimately, competitiveness is a measure of how well Americans prepare and perform — in school, on the job and as members of the larger society.

Strengthening our ability to compete more effectively has focused the attention of business, education and labor. Congress and the Administration have given certain competitive issues priority status on the policy agenda. The issue is challenging us all to seek consensus solutions, which are not only understandable to our public and private leaders, but with which every American can identify — and support for generations to come.

As this election year gets underway, it is important to add the voices of the Presidential candidates to this ongoing debate. *Competitiveness and Campaign '88* was designed to give the electorate a valuable perspective on how each aspirant would guide the nation through these critical issues during the years ahead.

This project has three basic objectives: first, to determine where the Presidential candidates stand on competitiveness issues; second, to ensure that these topics remain high on the candidates' agendas; and third, to use this heightened candidate awareness to build increased public awareness of the importance of competitiveness issues as the 1988 campaign unfolds.

The Council is using this report neither to endorse any particular candidate nor to grade the candidates' responses to specific questions. Rather, the report is an educational endeavor. To the maximum extent possible, we want the candidates' views to speak for themselves.

The project formally began in July 1987, with the approval of the Council's Executive Committee. Shortly thereafter, Executive Committee member Arthur Levitt, Jr., Chairman and Chief Executive Officer, American Stock Exchange, Inc., agreed to serve as project adviser.

During the summer, the Council began an extensive research effort. General information on the candidates was gathered from a number of periodicals, including: *Boston Globe*, *Business Week*, *Chicago Sun-Times*, *Chicago Tribune*, *Congressional Almanac*, *Congressional Weekly*, *Dallas Morning News*, *Dallas Times Herald*, *Harvard Business Review*, *Inc.*, *Miami Herald*, *National Journal*, *Newsweek*, *New York Times*, *Policy Review*, *St. Louis Post-Dispatch*, *Time*, *Wall Street Journal* and *Washington Post*. Further, initial contacts were made with the candidates' staffs to gather more specific information.

The heart of this report is the candidates' responses to a Council questionnaire. From the outset, the Council decided to concentrate on four key competitiveness issues: capital formation; human resources; international trade; and science and technology. These issues follow the outline of *Global Competition: The New Reality*, the 1985 report of the President's Commission on Industrial Competitiveness, and

America's Competitive Crisis: Confronting the New Reality, prepared by the Council on Competitiveness in April 1987.

Within each broad category, several specific issues were identified. And with the help of an advisory committee of political experts (see Acknowledgments, page ii), these issues were transformed into a questionnaire in late September. The intent was for the candidates to focus on a series of important, interrelated competitiveness issues, and to address them in a way that allowed a combination of yes/no answers and longer, essay-type responses.

The questionnaires were distributed in early October 1987. Responses were compiled and edited in late November and early December 1987. All candidates with the exception of Alexander Haig, Jr. and Jack Kemp provided direct responses to the questionnaire. They instead provided policy statements and speeches, which were used by Council staff to develop the profiles.

In order to assure accuracy, candidates were given an opportunity to review the material found in the Candidate Profiles and Issue Profiles before publication. Instances where information on a specific issue was not provided are noted throughout the report.

The report was printed and distributed in January 1988, in anticipation of the first state caucuses and primaries. Over the course of this election year, the Council will update the candidates' positions on these issues through its monthly newsletter, *Challenges.*

HOW TO USE THIS REPORT

This report has several sections.

Highlights. The goal of this section is to summarize position trends within and between parties and to spotlight significant differences among the six Democratic and six Republican candidates.

Charting the Candidates. Matrices, one for each party, provide an at-a-glance view of the candidates' positions on the major competitiveness issues.*

Candidate Profiles. This section summarizes the views of each candidate and allows the candidates to identify their top two or three competitiveness policy priorities. The profiles are organized alphabetically, by candidate and by party.

Issue Profiles. This section allows the reader to compare the candidates' views issue by issue. Issues are grouped into four major categories (capital formation, human resources, international trade, and science and technology), with between two and four subsets in each. For each question, the responses are organized alphabetically, by candidate, and by party.*

Questionnaire. The Council submitted this questionnaire to the candidates.

Sources. Unless otherwise noted, information used in the Candidate Profiles and Issue Profiles was drawn from the candidates' responses to the Council's questionnaire. This section footnotes the exceptions to that rule, and allows the reader to see the source of the response. Examples include policy statements and speeches furnished to the Council by the candidate.

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* In the Charting the Candidates and Issue Profiles sections, we have noted instances where the candidate did not provide information on an issue.

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HIGHLIGHTS

OVERVIEW, PAGE 1

CHARTING THE CANDIDATES, PAGES 8-9

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OVERVIEW

America has a competitiveness problem. That is the one major point upon which all the 1988 Presidential candidates agree. Yet, none of the six Democrats and six Republicans surveyed define this crisis as a single issue. Without exception, they view it as a series of interrelated concerns — each one sufficiently important and complex as to require unprecedented attention by itself. More importantly, the majority of the candidates have specific ideas and proposals for addressing the components of the problem.

If no common definition of competitiveness was revealed, a number of common themes did emerge. They include:

- The macroeconomic ***and*** structural nature of the nation's critical challenges.
- The need to reduce the federal budget deficit.
- The primacy of human resource development.
- The importance of finding ways to improve the export performance of American industry.

- The twin notions of accountability *and* productivity — in both business and education.
- The need for expanding the federal government's role in certain areas.

Through their statements most candidates acknowledge that many of the nation's most pressing challenges are macroeconomic *and* structural in nature. This permits a threading together of many issues: fiscal policy, exchange rates, budget deficits, education and retraining, science and technology, and labor-management relations, among others. Time and again, when asked to concentrate on a single issue — trade, for instance — candidates offered a wide range of responses stressing the relationships between savings and investment, technological innovation and human resource development *and* trade.

To the extent that a single issue dominates the candidates' responses, it is the need to resolve the federal budget deficit. Discussion of this overriding concern consistently appears throughout the report. Several of the candidates cited budget-deficit reductions as their top priority.

If reducing the federal budget deficit is the priority most frequently mentioned, improving the education of American students and expanding the training of American workers is a close second. Concerns are expressed in a variety of ways — from fear over the affordability and accessability of higher education, to finding new ways to upgrade worker skills, and repeated calls for new levels of basic literacy.

The relationship between accountability and productivity appears repeatedly in a number of contexts — most pointedly in the discussion of the K-12 education system. Teachers and students must be held more accountable for their performances, according to the candidates. But they also stress the concomitant responsibility of business executives to train workers, improve product quality and seize export opportunities.

In the section on international trade, the candidates seem to be saying that the best way to improve competitiveness is to go out and compete. In general, they focus less on unfair trade practices by foreign competitors and more on the means to boost American export capability. For example, when asked how to address competition from low-wage countries, a number of the candidates took the opportunity to discuss productivity-related issues, such as research and development and education.

Finally, the report underscores broad bipartisan agreement that the federal role should be expanded in certain areas. In particular, candidates from both parties want increased federal support — direct and indirect — for America's science and technology efforts. They tend to stress initiatives that will expedite and improve the commercialization of American ideas. Further, most of the candidates favor more federal involvement in training and retraining the nation's work force.

A closer look at this report's findings follows:

CAPITAL FORMATION

Federal Budget Deficit

All candidates support reducing the federal budget deficit and most believe such reductions are critical — both to promote private savings and investment and to reduce the trade deficit. They disagree somewhat, however, on the relative importance of deficit reduction. And their views differ considerably on the means by which to reduce the deficit.

On spending:

- Eleven of the twelve candidates favor spending reductions. The twelfth, Kemp, advocates "putting a lid" on federal spending. In terms of specifics, two Democrats (Gephardt and Jackson) would concentrate on defense cuts, while a third

(Simon) would either freeze or cut defense spending. Gephardt specifies a plan to restructure agricultural support programs, while Du Pont would eliminate farm subsidies altogether. Babbitt proposes a "universal needs test" for all federal spending and $20 billion in specific cuts in FY 1988.

- Four Republicans (Bush, Dole, Du Pont and Kemp) support a line-item veto for the President.
- Two Democrats (Gore and Simon) and three Republicans (Bush, Dole and Du Pont) support a balanced-budget amendment. Republican Haig volunteered that he opposes a balanced-budget amendment.
- Two Republicans (Dole and Kemp) say they would not change the Social Security system.

On revenues:

- Only Babbitt favors a consumption tax to raise new revenues, and then only if it is progressive and the revenues are used to reduce the deficit. Gephardt supports an oil-import fee. Jackson supports taxes on the "wealthy" and corporations. Dukakis believes that the IRS should collect as much as possible of $110 billion in uncollected taxes through tougher IRS enforcement.
- Six candidates would not support new taxes (Democrat Gore and Republicans Bush, Dole, Du Pont, Kemp and Robertson). Four of them (Bush, Du Pont, Kemp and Robertson) strongly oppose new taxes, arguing that they would undermine competitiveness. Dole says he might favor user fees.

Private Savings and Investment

The majority of candidates favor reducing the federal budget deficit as a principal mechanism for increasing domestic private savings. Other specific ideas include:

- A consumption tax to shift economic incentives from consumption toward savings (Babbitt). Dole would consider replacing income taxes with a consumption tax to reduce overall rates — as long as the change is not regressive.
- Tax incentives for workers to take part of their compensation in employee stock (Babbitt).
- Various changes in public and/or private pension plans (Democrats Babbitt, Gephardt, Jackson and Simon and Republican Du Pont).
- Changes in the treatment of capital gains (Democrat Simon and Republicans Bush, Kemp and Robertson).
- Reviewing limitations on Individual Retirement Accounts (Republicans Dole and Robertson).
- Reducing high tax rates and/or eliminating double taxation (Republicans Kemp and Robertson).
- Controlling insider trading and short-term financial speculation (Dukakis).
- Supplementing the Social Security System with a Financial Security Plan to promote private savings (Du Pont).

HUMAN RESOURCES

K-12 Educational System

Restoring excellence to the K-12 educational system is a priority for most of the candidates. A common theme is the need for increased accountability — as indicated by widespread support for more performance testing of teachers, students and administrators. Several candidates also support "carrot-and-stick" approaches, with financial rewards for improved performance. Among the specific proposals advanced:

- Two Democrats (Gephardt and Simon) and two Republicans (Bush and Haig) support national testing of teachers. Three candidates (Democrat Gore and Republicans Dole and Robertson) favor state testing.
- Three Democrats (Babbitt, Dukakis and Gore) and three Republicans (Bush, Dole and Robertson) favor state testing of student performance.
- Beyond testing, several other incentives for improved performance were offered. Among the ideas: education bonus grants to states that boost student performance and reduce drop-out rates (Gephardt); higher pay and greater autonomy for teachers in return for more accountability (Gore); and merit-based teacher pay (Bush, Kemp and Robertson).
- Five candidates support increased federal funding for education programs (Democrats Babbitt, Gore, Jackson and Simon and Republican Bush). Five candidates support more funding for pre-school programs, particularly for the disadvantaged (Democrats Babbitt, Dukakis, Jackson and Simon and Republican Bush).
- Two Republicans (Du Pont and Robertson) propose educational vouchers to give parents more flexibility in choosing schools, while a third (Kemp) proposes tuition tax credits for the same purpose.
- Three Republicans advocate a "back-to-basics" approach to teaching (Dole, Haig and Robertson).
- A variety of other ideas were proposed. Among them: a federal-state child-care voucher system to help working parents (Babbitt); special schools for students skilled in math and science (Bush); increased use of "magnet" schools (Kemp); federal incentives to help train teachers in new classroom technologies (Dole); home schooling as an alternative to "academic mediocrity" in schools (Robertson); and a $250-million national teaching excellence fund (Dukakis).

Student Loans for Post-Secondary Education

Most of the candidates believe that rising tuition costs threaten the continued availability of college education for all those who are qualified. To address this problem, the following ideas were advanced:

- Two Democrats (Gephardt and Gore) and two Republicans (Bush and Dole) favor creating IRA-type savings accounts to help parents save for their children's college education. Bush also favors creating a College Savings Bond. Robertson supports long-term investment vehicles to promote private savings for education.
- Five Democrats (Dukakis, Gephardt, Gore, Jackson and Simon) and two Republicans (Bush and Robertson) favor increased support for low-income students through one or more of the following: grants, loans and work-study programs.
- Among other ideas offered, Babbitt would provide unlimited government loans to all students. Bush and Babbitt would link debt repayments to post-graduation earnings, while Babbitt would forgive debts for graduates who teach for at least five years. Du Pont would create a National School Training Bank to supply government-guaranteed financing to individuals at market rates. Haig supports a proposal for a higher education "revolving fund." Dukakis proposes an "educational insurance fund."

Training and Retraining for American Workers

There is widespread support for creating additional tax incentives for training and retraining, as well as for making training programs more readily available to new workers.

- Three Democrats (Babbitt, Jackson and Simon) and three Republicans (Dole, Kemp and Robertson) support increased corporate and individual tax incentives for worker training and retraining efforts. Babbitt is the most specific, proposing an "individual training entitlement" similar to an IRA, to help workers save for their training needs.
- Several ideas were offered to expand the availability of training. Democrats Gore and Gephardt call for expanding the Job Training Partnership Act. Dole proposes revising the trade adjustment assistance law to focus on training and retraining. Gore points to his co-sponsorship of the bill that requires advance notification of plant closings, which he says is critical for implementing an effective retraining program. Dukakis supports increased federal funding for dislocated workers.
- In terms of sharing responsibility for training, two Republicans (Kemp and Robertson) advocate a greater role for the states. Democrats Gephardt and Simon advance several specific proposals for increasing business involvement in training and retraining efforts.
- Among other ideas offered, Du Pont would create a National School Training Bank to provide government-guaranteed loans to workers at market rates. Gephardt favors a series of steps to make the Unemployment Insurance system more effective. And Dukakis supports measures to combat functional illiteracy.

INTERNATIONAL TRADE

Candidates generally agree that America's trade problems have been at least partially caused by domestic policies that have driven up the dollar's value and undermined productivity. A number of candidates, for instance, used the international trade section to address issues such as the federal budget deficit, public education, the R&D infrastructure and employee training. Thus, candidates tended to focus on steps America could take to get its own house in order.

- Four Democrats (Dukakis, Gephardt, Jackson and Simon) and four Republicans (Bush, Du Pont, Kemp and Robertson) urge increased government support for boosting U.S. exports. Simon specifically calls for new Eximbank financing programs for small manufacturers. Du Pont advocates removing government-imposed disincentives to export. Bush and Kemp support the creation of North American free-trade agreements.
- Two Democrats (Gephardt and Jackson) favor a mandatory reduction in trade imbalances, under certain circumstances, with countries whose trade surpluses are caused by unfair foreign trade practices. A third Democrat (Babbitt) does not favor such a mandatory reduction, but proposes a negotiated set of international agreements requiring countries with a multilateral trade surplus to reduce that surplus by one-third each year or face across-the-board tariff increases. Democrats Dukakis, Gore and Simon are opposed to the measure, but Simon states he is not unwilling to use access to the U.S. market as leverage to address unfair trade practices. Republican Dole offers an alternative approach to the so-called Gephardt Amendment, requiring USTR to initiate Section 301 investigations against countries with a persistent pattern of unfair trade practices. Republican

Du Pont "strongly opposes" mandatory reduction in trade imbalances, as does Republican Haig.

- Five Democrats (Dukakis, Gephardt, Gore, Jackson and Simon) and two Republicans (Dole and Robertson) would address the problem of foreign government subsidization of high-tech industries by using current trade rules and/or by negotiating new GATT rules.
- Several macroeconomic initiatives were proposed, including reducing global debt burdens and improving coordination of industrialized nations' economic policies (Democrat Dukakis and Republicans Dole and Haig); a global monetary conference (Kemp); and bilateral exchange-rate agreements to devalue the dollar against the currencies of South Korea and Taiwan (Jackson).

SCIENCE AND TECHNOLOGY

Federal Research and Development Programs

- All the Democrats believe a disproportionate share of federal R&D funds are spent on defense and related programs, with negative consequences for U.S. commercial competitiveness. By contrast, Republican Du Pont feels that there have been many ways in which defense R&D efforts have contributed to U.S. commercial competitiveness. Republican Robertson, noting the space program, thinks that spin-offs are possible.
- Democrats Gephardt and Simon both believe that federal funding for civilian R&D programs should be increased, with Gephardt calling for the federal government to invest 3 percent of GNP annually in civilian R&D programs such as university labs.
- Gephardt also calls for the creation of an Advanced Technology Institute to foster applied research, plus the establishment of a White House office to oversee federal R&D programs. Gore believes that steps should be taken to increase private sector access to federal labs.

Federal Support for Science and Technology

- Four Democrats (Dukakis, Gephardt, Gore and Simon) and two Republicans (Bush and Robertson) support making the R&D tax credit permanent. Gore would raise the credit to 25 percent and Gephardt would expand it for manufacturing processes. Dole would consider extending a "well-targeted" R&D tax credit, if it could be done in a "fiscally responsible manner." Babbitt and Du Pont support the tax credit, but for various reasons would not make it permanent.
- Five Democrats (Babbitt, Dukakis, Gephardt, Jackson and Simon) support increased federal funding of university labs and equipment. Du Pont supports such increased funding, but only if it is tied to specific projects. Robertson says state and private funds should be used for such improvements. Dukakis proposes to leverage these funds by requiring matching grants from the states and the private sector.
- Four Democrats (Babbitt, Dukakis, Gephardt and Simon) support federal funding for Sematech, the semiconductor research consortium. A fifth Democrat (Gore), while not specifically citing Sematech, says he supports increased public-private collaboration on R&D projects. Republican Du Pont does not favor such expenditures; instead, he favors reducing antitrust restrictions on corporate collaboration on R&D and marketing efforts. Republican Robertson is undecided on the Sematech funding issue.

- Several other ideas to strengthen science and technological capabilities were advanced by the candidates. Among them: strengthening intellectual property protection (Democrat Gephardt and Republicans Bush, Dole, Haig and Robertson); tightening the Freedom of Information Act to restrict access to the trade secrets of U.S. companies (Robertson); and a "factory extension service" to bring advanced technology and innovation to factories around the country (Gephardt).

COMPETITIVENESS

CAMPAIGN '88

DEMOCRATIC CANDIDATES	Reducing the Federal Budget Deficit	Improving K-12 Educational System	Financing College Education	Training and Retraining	Improving Trade Performance	Federal R&D Programs	Federal Support of Science and Technology
BRUCE BABBITT	Proposes "universal needs test" for federal spending. Proposes $20 billion in specific spending reductions for FY 1988. Supports "progressive" national consumption tax.	Supports major increase in federal funding for pre-school education and creation of federal-state child-care voucher system for working parents. Favors national standards for teachers and state testing of students.	Favors unlimited federal loans to students with debt repayments tied to percentage of earnings after graduation. Proposes debt forgiveness for graduates who teach for at least five years.	Proposes "individualized training entitlement" similar to IRA to encourage individuals to save for training. Favors corporate tax incentives for training and retraining.	Proposes negotiating worldwide agreement to reduce trade barriers and achieve balanced trade; any country with multilateral trade surplus must reduce that surplus by one-third annually or face tariff increases.	Believes military has received disproportionate share of R&D investment. Favors highest possible ratio of civilian to military R&D investment. Believes top priority should be commercial application of new technology.	Supports R&D tax credit, but would not make it permanent. Supports federal funds to upgrade university infrastructure. Favors modest federal funding for Sematech.
MICHAEL DUKAKIS	Supports spending reductions, but does not believe major cuts are possible in domestic programs. Believes IRS could collect portion of $110 billion in uncollected taxes.	Favors increased support for programs for the disadvantaged. Proposes $250-million "national teaching excellence fund" to promote teaching profession. Supports state and local testing of students.	Proposes education insurance fund to be repaid through income withholding. Vows to "end assaults" on Pell grants and student loans.	Supports several recommendations of National Governors' Association to combat functional illiteracy. Supports proposed $1 billion worker-adjustment program.	Supports export-promotion drive for small and medium-sized firms. Favors denying favored-nation status to countries that deny worker rights. Proposes strengthening rules to address foreign government subsidization of industries.	Favors better balance between federal spending on military and civilian research. Supports national network of Centers of Excellence in new and applied technology.	Supports making R&D tax credit permanent. Supports federal funds to upgrade university infrastructure, but would seek matching support from states and private sector. Conditionally supports federal funding for Sematech and similar programs.
RICHARD GEPHARDT	Proposes reducing defense budget and restructuring federal agricultural programs. Favors closing income-tax loopholes, a new tariff on imported oil and improved taxpayer compliance.	Favors grants for states that improve student performance and reduce drop-out rates and for public schools that implement student-proficiency standards. Supports National Board for Professional Teaching Standards. Favors higher salaries and increased status for teachers.	Proposes creating IRA-type accounts to encourage private education savings. Supports increased federal grants and loans for low-income students.	Favors more funding for dislocated workers. Supports expanding Job Training Partnership Act to reach more workers. Favors making Unemployment Insurance more effective through state linkages and innovative services. Supports improving job-placement services.	Proposes mandatory reduction, in certain instances, of trade surpluses with countries with unfair trade practices. Supports expanded trade liberalization through new GATT round. Favors expanded export promotion efforts. Favors establishment of rules on internationally recognized workers' rights.	Concerned with commercial implications of disproportionate share of federal funding going to military research and development. Supports annual federal investment of 3 percent of GNP in civilian R&D. Proposes creating Advanced Technology Institute and White House office to evaluate R&D efforts.	Supports making R&D tax credit permanent. Supports federal funds to upgrade university infrastructure. Favors federal funding for Sematech and similar programs.
ALBERT GORE, JR.	Proposes complete overhaul of budget process. Favors "substantial" spending cuts and reordering of priorities. Supports balanced budget amendment. Does not support tax increase now. If revenues are needed, would close tax loopholes and improve taxpayer compliance.	Supports raising federal share of total education spending to 10 percent. Supports higher pay, fewer administrative responsibilities, more autonomy and greater accountability for teachers. Encourages state adoption of teacher standards and student testing.	Supports special grants and loans for the disadvantaged and continuing loans for "worthy" middle-income students.	Co-sponsored legislation to require advance notification of plant closings, which he believes is essential first step. Supports expanded training opportunities through the Job Training Partnership Act. Would consider expanding eligibility for trade adjustment assistance.	Favors stepping up international efforts to open foreign markets and eliminate unfair trade practices.	Concerned about growing proportions of research dollars for defense projects that "have not yielded promised commercial spinoffs." Believes government should collaborate in private R&D efforts. Supports improved private access to federal labs.	Co-sponsored legislation to make R&D tax credit permanent and raise it to 25 percent. Believes federal government should collaborate with and support private sector R&D efforts.
JESSE JACKSON	Supports shift in spending from military to domestic programs. Believes any tax increases should be directed at the "wealthy" and corporations.	Supports increasing federal funding for education to $25 billion. Believes Education Department should "vigorously" enforce affirmative-action programs and support higher pay and professional status for teachers.	Favors more grants, scholarships and work-study programs for low-income students.	Supports corporate and individual tax incentives for training and retraining.	Believes top priority of U.S. firms should be improvements in market share. Favors negotiating bilateral exchange-rate agreements with countries such as Taiwan and South Korea to effect a depreciation of the dollar.	Believes excessive spending on military research has caused U.S. competitiveness to decline.	Supports federal funds to upgrade university infrastructure.
PAUL SIMON	Supports combination of spending cuts and job growth. Proposes freeze or cut in defense spending. Supports balanced budget amendment. Favors better targeting of tax breaks and closing loopholes.	Supports "full funding" of education programs. Supports incentives for states to improve funding and curricular assistance. Supports national standards for teachers. Favors higher salaries for teachers.	Proposes federal incentives to reward colleges for holding down costs. Proposes increased funding for international education, smaller, private black schools and community colleges. Supports increases in Pell grants.	Supports corporate and individual tax incentives for training and retraining. Encourages business to take several steps to promote worker adjustment.	Supports "sustained exchange rate reform" and development of new Eximbank programs for small manufacturers. Might use access to U.S. market as leverage in addressing unfair trade practices.	Believes too much government-sponsored research is in defense, which provides too few spillovers to civilian sector. Supports increased federal funding for civilian R&D programs.	Supports making R&D tax credit permanent. Supports federal funding to upgrade university research facilities. Favors federal funding for Sematech and other industries on a "case-by-case" basis.

REPUBLICAN CANDIDATES	Reducing the Federal Budget Deficit	Improving K-12 Educational System	Financing College Education	Training and Retraining	Improving Trade Performance	Federal R&D Programs	Federal Support of Science and Technology
GEORGE BUSH	Supports spending reductions, balanced-budget amendment and line-item veto. Believes lower taxes "keep America competitive."	Favors increasing federal funds for disadvantaged and targeting funds to schools in low-income neighborhoods. Favors competency tests for beginning teachers, merit-based pay and state testing of students' performance. Supports creating special schools for students who excel in science and math.	Proposes tax-free College Savings Bond for 2- or 4-year colleges. Favors IRA-type education savings account for education. Favors continued funding of college work-study program and grants for low-income students.	Favors promoting "public/private" partnerships that provide "work and opportunity to those who seek it." Supports proposed $1 billion worker-adjustment program.	Favors export expansion. Favors encouraging trading partners to increase economic growth. Supports expansion of U.S.-Canadian free trade agreement to include Mexico.	No response.	Supports making R&D tax credit permanent. Favors strengthening intellectual property protection.
ROBERT DOLE	Supports spending reductions that are "fair" and touch all programs except for the neediest. Favors convening "true" budget summit. Supports balanced-budget amendment and line-item veto. Does not favor new taxes, but might consider closing loopholes, improving compliance and enacting user fees.	Calls for greater accountability for teachers and administrators. Favors more emphasis on "basic" courses. Proposes federal fellowships to train teachers in new technologies. Proposes allocating federal funds to innovative business-education partnerships.	Supports an IRA-type education savings account.	Supports corporate and individual tax incentives for training and retraining. Supports a tax credit to encourage employers to hire disadvantaged individuals who need training. Favors changing trade adjustment assistance program to focus on training.	Supports initiatives to address LDC debt crisis and improve economic coordination with Japan and West Germany. Supports aggressive market-opening efforts. Proposes measure to require USTR to initiate unfair trade complaints against countries with persistent pattern of unfair trade.	No response.	Would consider extending "well-targeted" R&D tax credit, but only in "fiscally responsible" manner. Favors strengthening intellectual property protection.
PETE DU PONT	Proposes eliminating programs such as "failed" farm subsidy program. Favors line-item veto and balanced-budget amendment. Opposes tax increases.	Supports education-voucher system that allows private schools to compete with public schools for students.	Proposes a National School Training Bank to provide government-guaranteed financing at market rates for education and training.	Proposes National School Training Bank to provide individuals with government-guaranteed, market-rate financing for training and retraining.	Proposes export expansion through removal of government-imposed disincentives.	Believes there are ways in which defense R&D efforts have contributed to U.S. commercial competiveness. Believes low tax rates are most effective way to promote civilian R&D.	Supports R&D tax credit, but favors replacing tax preferences with lower rates. Supports increased federal funding for university research, tied to specific contracts. Does not support federal funding to help specific industries, e.g., Sematech.
ALEXANDER HAIG, JR.	Believes no single budget account should "bear entire burden of reduction." Favors budget reform. Supports line-item veto. Supports tax increases only as "last resort." Opposes balanced-budget amendment.	Favors tuition tax credits. Supports the National Teacher Certification Program and tighter standards. Supports higher pay for teachers. Favors more emphasis on "basics."	Favors "cost-containment" measures. Supports Boston University President John Silber's proposal for education "revolving fund."	No response.	Favors establishing timetable to address farm subsidies and reduce barriers to services trade. Proposes addressing LDC debt problem. Favors "more effective" international economic coordination.	No response.	No response.
JACK KEMP	Favors deficit reduction through increased growth. Opposes cuts in Social Security. Favors line-item veto. Believes tax cuts spur growth.	Favors "magnet" schools, tuition tax credits and increased freedom of choice for parents to select school in their school district. Favors regular assessment of students and teachers, with merit-based pay for teachers and administrators. Favors more emphasis on "basics."	No response.	No response.	Proposes launching "pro-trade" offensive by creating a North American Free Trade Area among the U.S., Canada, Mexico and Latin America.	No response.	No response.
PAT ROBERTSON	Supports key spending-cut recommendations of Grace Commission, Packard Commission and Heritage Foundation. Opposes tax increases.	Supports "back-to-basics" teaching approach. Supports education-voucher system. Supports home schooling. Favors state-based performance testing for teachers and students.	Believes increased federal aid to colleges has fostered inefficiency and driven up costs; proposes self-imposed standards for cost performance. Supports scholarships and low-interest student loans that "maximize pay-backs."	Supports corporate and individual tax incentives for training and retraining. Believes displaced workers should be able to use IRA funds for training without tax penalties.	Supports removing government-imposed restrictions on exports. Favors "aggressive" trade policy that seeks and develops new markets. Advocates limiting access to U.S. market to nations that limit U.S. access to their markets.	Points to space program as example that defense R&D can be adapted by civilian enterprises. Believes reducing government regulations is the best way to promote civilian R&D spending	Supports making R&D tax credit permanent. Favors using state and private funds to upgrade university infrastructure. Is undecided about federal funding for Sematech.

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BRUCE BABBITT

OVERALL VIEWS

"I believe our principal [competitiveness] problem is the failure to apply the fruits of innovation to our production. In order to enhance our productivity, we must make thorough going changes in the workplace itself to create a high-value, high-quality, high-productivity economy.

"As President, I would propose several laws that would help to change the way we do business. I have already outlined nine specific ideas for transforming the economy through workplace democracy.[1] Workplace democracy has three central purposes:

- First, pay for performance. I believe American workers should see a direct relationship between the quality of their efforts and the rewards that they can earn.
- Second, employee ownership. What capitalism needs is more capitalists and my administration will pass laws that make it easier for workers to buy an ownership stake in their company.

- Third, investment in workers and worker participation in management decisions. America's success in the new international competition will require the ingenuity and participation of every American worker and we must see that they have the means — in education, training and support services — to contribute their best."

CAPITAL FORMATION

On savings and investment:

- Believes low private savings rate is exacerbated by net dissavings of the federal government. Proposes deficit-reduction package that includes spending cuts and a national consumption tax.
- Believes consumption tax will help reduce the deficit and shift economic incentives away from consumption and toward saving.
- Also proposes "capital-creating" programs, including: tax incentives for workers to take part of their compensation in company stock; portable pensions to help workers save for retirement; and wider use of Employee Stock Ownership Plans in financing corporate growth.
- Does not favor changing the 1986 Tax Reform Act — would be another "blow to predictability."

On the federal budget deficit:

"We cannot possibly build a growing and dynamic economy when our government is burdened by a $150-$200 billion deficit. We are investing in deficits when we should be investing in education and science to modernize our economy. We are raising real interest rates for farmers and small businesses when we should be lowering them to compete in world markets. And, worst of all, we are stealing from the future — placing a burden of obligations on our children when we should be assuring them the opportunity for a better life."

On spending:

- Proposes a "universal needs test" to discipline government spending: every government expenditure should be targeted on some measure of need. Proposes $20 billion in specific budget cuts for FY 1988.

On revenues:

- Proposes a progressive national consumption tax to raise revenues. At 5 percent, it would raise $40-$60 billion annually. Tax could be made progressive by either exempting "things like clothing, food, medicine, perhaps even housing" or increasing the standard federal income-tax deduction to reduce the impact on low-income Americans.
- Would only sign a consumption tax bill if it were accompanied by a budget measure holding federal spending in check.

HUMAN RESOURCES

"I believe that the federal government must lead our country to create and maintain a well-trained and flexible work force. Our workers must be prepared to adapt to technological changes so that they'll have better job security and so that our economy can adapt and take advantage of technological changes."

On education:

- Believes additional funds for investment should be made available by shifting responsibilities to the states for education and to the federal government for Medicaid.
- Believes the federal government should promote a "dramatic expansion" of pre-school education, starting with universal Head Start and kindergarten programs and a commitment to child care through federal-state vouchers for working parents.
- Believes the Department of Education's mission should be to fund R&D, develop model programs and establish educational objectives based upon concrete measures of student achievement.
- Believes the federal government should establish national standards for teachers and encourage states to test students periodically.
- Believes the federal government should loan every student who wants a college education as much as necessary. Debt repayments should be linked to a percentage of earnings after graduation. Graduates who teach for at least five years in the public schools should be forgiven their loans. Those going into the Peace Corps, military or other specified public services should be granted a debt reduction.

On training and retraining:

- Proposes an "individualized training entitlement" so that every worker has the means to acquire the skills needed for a new job after dislocation.
- Proposes federal tax incentives for private-sector investment in employee training and education.

On worker motivation and flexibility:

- Believes the best way to motivate workers is to give them a "direct stake in the profits of their company and a voice in management."
- Favors "gain-sharing" whereby managers and workers are rewarded by sharing in profits from overall productivity or performance.
- Favors profit-sharing for all employees.
- Favors requiring employers without ERISA-approved retirement plans to withhold 2 percent of each employee's wages, to match that with an additional contribution, and to create a fully-funded and portable pension that could be cashed out or moved whenever the worker changes jobs.

INTERNATIONAL TRADE

To improve America's position in world markets, "we must reject protectionist retreat; instead of erecting new trade barriers, we should be working to encourage and expand trade. I believe we should negotiate a worldwide agreement, which calls for mutual reductions in trade barriers and which sets a goal of balanced trade for each country."

On meeting competition from low-wage countries:

- Believes the key is to improve the American standard of living by transforming the economy to create a well-trained and flexible work force and high-wage, high-value jobs.

On mandatory reduction in trade imbalances:

- Opposes mandatory reduction in trade imbalances with countries whose excessive trade surpluses are caused by unfair practices. However, favors a negotiated set of international agreements requiring countries to balance their multilateral trading accounts. Any country with an overall multilateral trade surplus must reduce that surplus by one-third each year or face across-the-board tariffs that increase annually.

On foreign government subsidization of industries:

- Believes America needs to better commercialize its research and development, but is skeptical that foreign technology subsidies are the major causes of U.S. trade problem.

SCIENCE AND TECHNOLOGY

"For many years, American technology has been the front-runner in technological innovations and our goal must be to continue to lead the world. Scientific research for its own sake is important, but our top priority should be the commercial application of new technology. In addition, the military has received a disproportionate share of our investments in science and technology."

On federal R&D:

- Supports the highest ratio of civilian to military investment "consistent with the genuine requirements of national security."

On the R&D tax credit:

- Supports the R&D tax credit, but would not make it permanent; believes the federal government must retain flexibility over tax and budget policy so that policies can be adjusted to meet the needs of changing economic conditions.

On Sematech:

- Supports modest federal funding for high-technology industry research.

On federal funding for upgrading university infrastructure:

- Supports federal funding to upgrade university research facilities.

1978-1987, Arizona Governor; 1975-1978, Arizona Attorney General; 1965-1967, Attorney, U.S. Office of Economic Opportunity. Age 49.

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(1) Specific proposals include: bonuses for all or for none; prohibition of "golden parachutes;" government loans and guarantees to a company contingent upon restructing that involves employees; performance pay in federal contracts; where federal contracts call for asset financing, some proportion should be through an ESOP; individual equity accounts; worker-training tax credits; child-care vouchers; and portable pensions. (From "The Outward Looking Economy," Bruce Babbitt, July 30, 1987.)

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MICHAEL DUKAKIS

OVERALL VIEWS

"We must significantly reduce the budget deficit, and we must do so in a steady and responsible manner. If we are to create the kind of sustained economic growth that will help us to provide good jobs and meaningful opportunity for every person in America, we must begin by putting our fiscal house in order and by bringing the deficit down.

"No responsible candidate for President, in the face of huge, inherited deficits, can rule out the possibility of raising taxes. But before we rush to impose new taxes, we must begin by collecting as much as we can of the $110 billion a year in taxes owed that are not being paid in this country. Tax compliance in the U.S. has dropped to 81 percent. One out of five tax dollars owed to the IRS by businesses and individuals is not being paid. That's not legal. It's dumb fiscal policy. And it is just not fair to the vast majority of Americans who pay their taxes in full and on time. In Massachusetts, working with the Legislature, we put together a tough, visible and very successful revenue enforcement program. The states of New York and North Dakota have launched similar, successful ventures. Congressman

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Dorgan's Task Force, co-chaired by two former IRS Commissioners, recently estimated conservatively that such a revenue enforcement program could raise $105 billion over the next five years. And a recent study of federal audit coverage estimated that if audit rates had remained where they were a decade ago, we would have $47 billion dollars in additional revenue this year.

"In nine years as Governor, I have submitted nine consecutive balanced budgets. I have learned that there are only four ways to reduce the deficit: cut spending, improve economic performance, bring down interest rates and increase revenues. In order to clean up the fiscal mess in Washington, we will have to do all four.

"But to remain competitive economically, we will need to do more than return to fiscal responsibility. We must also invest in a strong national economic development program that will create good jobs for all Americans. We must invest in good schools and good skills; in worker training and retraining; in needed public infrastructure like roads and highways and transit systems, and clean air and clean water; in new and applied technology; and in regional development."

CAPITAL FORMATION

On savings and investment:

- Supports improving the climate for long-term productive investment by controlling insider trading and short-term financial speculation.
- Does not support changes to the 1986 Tax Reform Act because of the need for predictability.
- Would not initiate a shift from income to consumption as the basis for the tax system.

On the federal budget deficit:

"Reducing the federal deficit and rebuilding a competitive America go hand in hand. For we cannot hope to compete in the world economy if we are forced to pay even-higher interest payments on our national debt and mortgage our future to foreign lenders."

On spending:

- Supports spending reductions. Does not believe major cuts in the domestic side of the budget are possible. "It's been savaged over the past seven years, and Americans aren't going to turn the screws on essential investments in our economic future or on the most vulnerable of our fellow citizens."

On revenues:

- Has not ruled out a tax increase.
- Believes the IRS should collect as much as possible of the $110 billion in uncollected taxes through tougher IRS enforcement.

Other:

- Believes deficit reduction also requires improving economic performance and reducing interest rates.

HUMAN RESOURCES

"The world economy will grow even more competitive in the years ahead. Only a highly-trained work force will have the flexibility to shift rapidly into growing sectors of the economy. We must do more to train and retrain our workers, so that they can keep pace with this economic change, and find well-paying and satisfying jobs."

On education:

- Favors increased support for programs for the disadvantaged, including Chapter I, Head Start and school nutrition programs. Believes that the federal government must enforce civil rights statutes that ensure "fair and equitable treatment" for all citizens.
- Proposes a national teaching excellence fund, with a first-year investment of $250 million: to provide scholarships for future teachers; to work with the states to create field centers of learning; to launch a new national teacher corps; to encourage business to make mid-career placements of employees into the teaching profession; to help states expand programs to recognize and reward teachers' performance; and to work closely with the National Standards Board to establish standards of teacher competence.
- Does not support establishing national standards for teachers; believes state and local governments should test students.
- Believes no qualified individual should be denied the opportunity to receive a college education because of need.
- Proposes creating an educational insurance fund which would be repaid and replenished through income withholding.
- Pledges to "end the assaults" on Pell grants and student loans.

On training and retraining:

- Supports recommendations of the National Governors' Association to combat functional illiteracy, including: identifying successful existing programs; creating new computer-based learning technologies; calling upon the private sector to match a federal commitment of $25 million in seed grants to states; and encouraging a spirit of volunteerism.
- Supports training and retraining efforts, but does not support changes to the tax code for this purpose.
- Supports the Economic Dislocation and Worker Adjustment Act, which would provide $1 billion in funding for dislocated workers.

INTERNATIONAL TRADE

"In addition to getting our fiscal house in order and investing in a strong national economic development program, we must also: help open doors for the thousands of small and medium-sized U.S. companies that could enter the export market but have failed to do so; and form an Alliance for Global Growth to help coordinate economic policies, resolve the Third World debt crisis and pursue trade issues in the Uruguay Round (of GATT trade talks)."

On meeting competition from low-wage countries:

- Believes that U.S. firms can meet this competition by increasing productivity and investing in product innovation so they are not forced to compete solely on the basis of price.
- Supports existing federal law which bars granting favored-trading status to countries that systematically deny internationally accepted worker and human rights.

On mandatory reduction in trade imbalances:

- Does not support the measure to require, under certain circumstances, mandatory reduction in trade imbalances caused by unfair trade practices, but approves of some of its elements.

On foreign government subsidization of industries:

- Proposes strengthening the GATT subsidy, government procurement and aircraft codes and improving dispute-settlement mechanisms. In the meantime, would use existing statutes that apply to these practices.

SCIENCE AND TECHNOLOGY

"Recent studies indicate that advances in science and technology account for one-third to one-half of all increases in our Gross National Product. Although the United States is still the leader in the area of basic research, other nations have proven more adept at commercializing new technologies. If we are to take advantage of our nation's inventiveness, we must devise mechanisms for speeding the flow of ideas from the laboratory to the marketplace. Investments in new and applied technology will strengthen our basic industries and create new ones...."

On federal R&D:

- Believes that America needs a balance between research for military and civilian purposes. Believes that the current imbalance, if not corrected, will weaken America and its national security.
- Supports the national network of Centers of Excellence in new and applied technology.

On the R&D tax credit:

- Supports making the R&D tax credit permanent.

On Sematech:

- Supports federal funding for Sematech and for other "strategically" important industries facing intense foreign competition. Would make federal support contingent upon three factors: if it is matched by private sector contributions; if labor and management have developed a strategy for regaining competitiveness; and if a determination has been made that the industry is "vital" to the health of the economy.

On federal funding for upgrading university infrastructure:

- Supports federal funding to upgrade university research facilities; believes funds should be leveraged by requiring matching grants from the states and the private sector.

1982-present and 1974-1978, Massachusetts Governor; 1963-1970, Massachusetts State Representative. Age 54.

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RICHARD GEPHARDT

OVERALL VIEWS

"Since the end of the Second World War, the United States has been the global leader of international trade, commerce and industry. Our manufacturing and technology innovations have made the U.S. economy the envy of the world. Unfortunately, over the past seven years we have seen our position of strength and superiority evaporate. The United States has experienced an unprecedented erosion in America's competitiveness and trade position. This decline can be traced to a loss of American industrial traditions and values, combined with inaction and indifference by the Reagan Administration.

"The crucial component of restoring and rekindling America's competitiveness is the restoration of a sound fiscal policy and the development of a comprehensive trade policy. Our budget deficit has been sapping our nation's economic strength. We have developed an appetite for foreign capital that requires roughly one-half billion dollars a day to fuel the Reagan Administration's deficits. Since 1981, the interest cost portion of the federal budget has grown by more than $115 billion to $190 billion this year. This is money that we could have spent on education, training, research and development and other areas that are necessary to restore our competitiveness.

"Additionally, we must develop a comprehensive trade policy. This administration has responded piecemeal to the trade problems confronting our country. I have offered a plan to eliminate foreign trade barriers of our major trading partners to give our exporters a level playing field. We must also work to protect intellectual property rights, develop a rational export-control policy and work in other areas to expand opportunities to U.S. business."

CAPITAL FORMATION

On savings and investment:

- Proposes cutting the federal budget deficit to reduce demand for capital that could flow to other investment opportunities.
- Proposes altering long-term spending patterns and developing a long-term spending strategy through a mix of present programs; an expansion of pension-plan coverage; and leadership at the federal level that emphasizes the need to save.
- Believes savings rate will be increased by phasing out the consumer interest deduction, which was part of the 1986 Tax Reform Act.

On the federal budget deficit:

"America's 'twin deficits,' the budget and trade deficits, have both played a major role in the declining competitiveness of the U.S. Unfortunately, there is no easy way to reduce our federal budget deficit. There are no magic buttons to push. My deficit-cutting proposal is honest, straightforward, and will achieve the necessary savings."

On spending:

- Favors reducing the Defense Department budget and restructuring federal agricultural payments.

On revenues:

- Favors closing income-tax loopholes.
- Favors imposing a new tariff on imported oil.
- Favors taking steps to improve taxpayer compliance.

HUMAN RESOURCES

"While we are working to expand and improve the quality of American products, we must not neglect America's most precious resource: our people. Establishing and implementing programs to promote excellence in education at all levels, as well as improved training and retraining programs, would be a top priority of my administration."

On education:

- Proposes launching a national drive for educational excellence. States which improve their performance in student test scores, student "thinking ability" and reduced drop-out rates would receive educational-bonus grants to help finance additional improvements and innovations.
- Supports the new National Board for Professional Teaching Standards, which will certify teachers who pass stringent competency tests.
- Proposes establishing grants for public schools that implement student-proficiency standards in such essential subjects as English, math, science and foreign languages.
- Favors higher salaries and increased status for teachers.
- Proposes a new Individual Development and Education Account (IDEA) to finance students' higher education. Similar in concept to the IRA retirement account, it would enable parents to set up educational savings accounts for their children; the federal government would provide matching funds, based upon a formula tied to family income level.
- Supports increased federal grant and loan programs for low-income students.

On training and retraining:

- Supports improvements in job-placement services, including more active involvement of the private sector in job-training initiatives and increased communication between the private and public sectors to improve job prospects for those who study and train.
- Favors full funding and expansion of current training and retraining programs to assist workers displaced by foreign competition.
- Favors expanding the Job Training Partnership Act program to reach more workers.
- Proposes making the Unemployment Insurance Program more effective by developing new linkages between state agencies, and by providing innovative services, such as relocation assistance, re-employment bonuses and economic-adjustment allowances to test ways of helping dislocated workers to find new jobs.

INTERNATIONAL TRADE

"The trade deficit must be addressed. Right now we're buying more than we're selling at the rate of almost $500 million a day. We've seen our position as the world's largest creditor nation erode to that of the world's largest debtor. Every sector of our economy, from high technology to agriculture to services to our basic industries, has been devastated.

"First, we must get our budget deficit down to bring interest rates to competitive levels and stimulate economic growth. Second, we must invest in our future. We need to enhance our educational system, stimulate research and development and intensify our training and retraining programs. Third, we must eliminate unfair trading practices by our foreign competitors. We can't ask the American people to take the tough steps to restore our competitiveness if every time they try to get their foot in the door, the door is slammed shut."

On meeting competition from low-wage countries:

- Believes the President must have "a flexible hand" in applying sanctions against a foreign government for violating international trade rules. Believes countries that do not abide by the standards of the International Labor Organization gain a competitive advantage and should be considered to be engaged in unfair trade practices.

On mandatory reduction in trade imbalances:

- Sponsored amendment to House trade bill that would require, under certain circumstances, mandatory reduction in trade imbalances with countries whose excessive trade surpluses result from unfair trade practices.

On foreign government subsidization of industries:

- Supports efforts to utilize current domestic and international rules on subsidies, as well as ongoing efforts to strengthen international rules.

SCIENCE AND TECHNOLOGY

"We spend almost all of our federal research dollars on the military — 72 percent compared to 2.8 percent in Japan. While we come up with new and better implements of death and destruction, the Japanese are building industries and a better standard of living."[1]

On federal R&D:

- Believes federal government annually should invest 3 percent of GNP in civilian research programs. Funds should be used to modernize the laboratories and instruments of universities and other research centers.[2]

On the R&D tax credit:

- Favors making the R&D tax credit permanent. Favors expanding R&D credits, especially for manufacturing processes.

On Sematech:
- Supports federal government involvement in Sematech and similar programs.

On federal funding for upgrading university infrastructure:

- Supports federal funding for university research facilities as "a valuable investment."

Organizational changes:

- Favors establishing an Advanced Technology Institute to foster applied research and develop cost-saving techniques.

- Favors establishing a Presidential Office of Research and Development to review the federal government's research budget and re-order priorities.

1976-present, U.S. Congressman from Missouri; 1971-1976, St. Louis Board of Aldermen. Age 46.

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(1) Richard A. Gephardt Position Paper on Trade.
(2) Ibid.

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ALBERT GORE, JR.

OVERALL VIEWS

"As President, my first task will be the restoration of fiscal responsibility in government spending practices. With the target of a balanced budget in mind, I will aim to reduce the deficit by amounts that are great enough to restore confidence among financial institutions and trading partners, but also reasonable enough so as not to trigger a recession. We need to send the world business and financial community the message that the United States is finally serious about getting our fiscal house in order and ready to take effective action.

"Having sent that message, we will be in a far better position to negotiate effectively with our trading partners on such important trade-related issues as improved cooperation in currency valuation and interest rates, eliminating unfair trade barriers, opening up new markets and dealing with Third World debt.

"My third priority will be the implementation of an aggressive competitiveness strategy that will create new and better jobs and business opportunities in all communities and in all regions of the country. This strategy will include policies to ensure energy security for American consumers, farms and factories; rebuild our infrastructure of roads and highways, bridges, railroads, airports and waterways; regulate in the public interest and in the interest of improved competitiveness; and invest in our future by promoting excellence from kindergarten through college, providing training and retraining opportunities for our workers, and further strengthening our scientific and technological resources."

CAPITAL FORMATION

On savings and investment:

- Proposes giving low- and middle-income Americans the chance to start a "savings ladder" through a tax-exempt, down-payment account for a first home and a tuition account for their children's higher education.
- Generally believes the 1986 Tax Reform Act should be given time to work before another major revision is initiated, but believes the Act could be improved, particularly in terms of promoting private saving.
- Does not support a shift from income to consumption as a basis for the tax system. Believes a sales tax is inherently regressive and that concessions needed to make it less regressive may result in a "bureaucratic nightmare."

On the federal budget deficit:

"The federal budget deficit and the national debt are not merely embarrassments, they are disasters for the U.S. and the international economy. Each year, the federal government drains massive amounts of capital that could be put to far better use by industry and individual citizens to strengthen our economy and improve our quality of life. The consequence of the Reagan Administration's fiscal irresponsibility has been a complete reversal in the international landscape of wealth and financial power."

On spending:

- Proposes a complete overhaul of the budget process — by establishing a two-year budget cycle and a bipartisan procedure for controlling federal spending in a "fair and reasonable way."
- Believes each budget line item should be judged on its merits against criteria that include continued need, effectiveness in meeting objectives and efficiency in implementation.
- Favors deficit reduction based primarily on substantial spending cuts and a reordering of spending priorities. "The most difficult challenge will be balancing the need for ensuring our national security, providing for the less fortunate and investing in our future. The necessary sacrifices must be shared equitably by all."
- Supports a constitutional amendment to balance the budget.

On revenues:

- Does not currently favor tax increases, but would not rule them out. If additional revenues were needed, would begin by closing the "unjustifiable" tax loopholes that remained after the 1986 Tax Reform Act.

- Does not favor a national sales tax, a value-added tax, an increase in the personal income tax or a business transfer tax. Does not believe that an oil import fee would be an effective revenue raiser once country-specific exemptions were made. Believes revenues can be increased somewhat through reforms of the IRS system.

HUMAN RESOURCES

"The most important factor in creating a competitive work force is a strong foundation in the basic skills of reading, writing and mathematics.... A second important need is the provision of training and retraining opportunities.... Community colleges and technical institutes can play an important role in providing these training opportunities, but most of the upgrading of worker skills is likely to be at the work site. To compete in today's markets, firms must be willing to be flexible and able to adapt quickly. To match that flexibility and adaptability, we must improve mechanisms — particularly at the state and regional levels — for anticipating constantly changing industry demands and matching those needs with appropriately skilled workers.... The extent to which a work force is motivated depends...on the workplace environment. While this is not an area that can or should be directly affected by federal legislation, I would add as a final point that one of the most effective contributors is labor-management cooperation...."

On education:

- Favors restoring the federal share of education funding to at least 10 percent of total national educational expenditures.
- Supports higher pay, fewer administrative responsibilities, greater authority and autonomy in the classroom for teachers who, in return, should be held more accountable for results. Would encourage states, not the federal government, to establish teacher-certification programs.
- Believes that high school graduates should have strong skills in reading, writing, mathematics, science and foreign languages. Does not support federal student-testing standards, but would encourage states to adopt such programs.
- Proposes tax-exempt tuition account to encourage savings for higher education.
- Supports renewed commitment to equal opportunity for higher education through: continued availability of loans for worthy middle-income students; special financing programs to the disadvantaged in the form of grants and loans; and targeted efforts to ensure that minority and disadvantaged students are fully prepared to enter and succeed in college.

On training and retraining:

"To help our workers adjust to the present and prepare them for the future, we must offer increased opportunities for vocational education and lifelong training...."

- Co-sponsored legislation to require advance notice of plant closings, which he believes is essential to effective worker utilization of adjustment programs.
- Supports restructuring Title IV of the Job Training Partnership Act. Programs should be expanded to include training opportunities for workers who need

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better basic skills and should place greater emphasis on providing extended training in job-related skills to non-displaced workers.

- Would consider expanding the trade adjustment assistance program to provide assistance under circumstances that are not necessarily related to foreign competition, such as in response to the introduction of new technologies and other workplace changes.
- Because of the need for fiscal restraint, does not support tax incentives for corporate or individual training and retraining efforts.

INTERNATIONAL TRADE

To improve America's position in world markets, "cutting the federal budget deficit is the most important step the next President of the United States can take. Among other negative impacts, the huge budget deficits of the Reagan Administration caused the dollar to become overvalued. By pricing American exports out of their markets, the overvalued dollar became the single greatest cause of our trade deficit.

"The next Administration must also work in partnership with the private sector and state and local governments to encourage increased investment in all aspects of the productive base of our economy, from technological modernization to worker retraining, to public education.

"Finally, while acknowledging these problems with our own policies, we also must step up our international efforts to open up foreign markets and to eliminate trade practices that are inconsistent with the basic principles of the GATT open trading system."

On meeting competition from low-wage countries:

- The keys are to increase American productivity and take advantage of America's technological capabilities and the skilled quality of the work force. Does not believe that forcing down the wages of American workers is a viable competitive response.

On mandatory reduction in trade imbalances:

- Opposes mandatory reduction in trade imbalances with countries whose trade surpluses with the United States are caused by unfair trade practices.

On foreign government subsidization of industries:

- Despite negotiation of a multilateral code addressing government subsidies, believes foreign government subsidies continue to keep the playing field uneven. Instead of retaliation, supports strengthening multilateral rules through the Uruguay Round of GATT trade negotiations. Also supports direct bilateral negotiations with those countries that are the greatest "unfair trade offenders."

SCIENCE AND TECHNOLOGY

"Historically, the federal government has played a key role in funding research leading to some of the nation's most impressive scientific and technological advances.

Over the past seven years, growing proportions of scarce U.S. research dollars have been devoted to defense-related projects that have yet to yield the commercial spin-offs that had been promised. Too many of our finest scientists and engineers are being drawn into weapons research, when they could be involved with searching for promising new products, cures for our most dreaded diseases, new sources of energy and ways to reduce the deterioration of our environment. We must get the federal research agenda back on track. In addition to basic and applied research, our public policies should support more rapid utilization of new technologies."

On federal R&D:

- Believes the federal government should support and collaborate with the private sector — by funding research and training, and by providing access to special resources such as the federal laboratories. Believes steps should be taken to increase the accessibility and utilization of the federal labs.

On the R&D tax credit:

- Co-sponsored legislation to make the R&D tax credit permanent and raise it to 25 percent.

On Sematech:

- Without specifying Sematech, believes that the federal government should support and collaborate with private sector R&D efforts.

1985-present, U.S. Senator from Tennessee; 1977-1985, U.S. Congressman from Tennessee. Age 39.

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JESSE JACKSON

CAPITAL FORMATION

On savings and investment:

- Believes public sector can set example for the private sector by lowering its deficit and spending more on public improvements.
- Believes tax and pension fund investment incentives must be used to direct existing saving to "productive uses and job creation" rather than to mergers and the creation of speculative profits. Proposes using a small portion of public pension-fund capital — with a guaranteed rate of return — for reinvestment in America.
- Supports reviewing the 1986 Tax Reform Act, particularly the "accelerated depreciation allowance," with the goal of increasing private savings.
- Does not support shifting from income-based taxes to a consumption tax.

On the federal budget deficit:

"The budget deficit originally led to unprecedented high real interest rates, driving up the dollar and making U.S. exports uncompetitive. We are still suffering from the loss of at least two million manufacturing jobs and a significant share of world markets.... Failure to deal with the longer-term structural budget deficit is now generating uncertainty in international markets. The deficit has to be addressed the way it was created: increase revenues through taxation on the rich and corporations, who have received the benefits of the Reagan tax cuts, and cut unnecessary military spending."

On spending:

- Favors new budget priorities. Supports a "strong national defense," but believes spending can be shifted from military to domestic programs without hurting defense.

On revenues:

- Believes tax system should be fairer. If taxes are raised, increases should be directed at the "wealthy" and corporations.

HUMAN RESOURCES

"We need better education to train and prepare our people...[and] create partnerships between employers who have jobs to offer and students who are seeking careers. The best work force will come with a focus on education from the Head Start up rather than from the Ph.D. down. There needs to be an emphasis on basic skills — from reading literacy to computer literacy — that will prepare our children for the world of work as it exists now and as it will exist in the future."

On education:

- Proposes increasing federal education budget to $25 billion.
- Supports emphasis on pre-school education.
- Believes Secretary of Education should vigorously enforce affirmative-action plans and support professional pay and treatment for teachers.
- Believes student loans do not adequately help minority students. Supports increased funding levels for grants and scholarships and expansion of work-study programs and available work for students.

On training and retraining:

- Supports tax incentives for corporate and individual training and retraining efforts.

INTERNATIONAL TRADE

"American producers must maximize the advantage from the falling dollar by setting improvements in market share as their top priority. The temptation to raise prices, as international competitors have to do, must be resisted. Public policy should promote investment in research and development to ensure that American producers have state-of-the-art production [facilities], quality products and a skilled work force."

On meeting competition from low-wage countries:

- Believes the President should negotiate bilateral exchange-rate agreements with countries such as Taiwan and South Korea to effect a depreciation of the dollar similar to that achieved for other currencies.
- Favors stopping the flow of jobs out of America to "repressed" labor markets abroad.
- Believes the suppression of workers' rights and trade union rights should be considered an unfair trade practice.

On mandatory reduction in trade imbalances:

- Opposes, in principle, mandatory reduction in trade imbalances, but would support such measures because he feels President Reagan "hasn't been vigilant enough on trade."

On foreign government subsidization of industries:

- Believes the federal government should press for greater compliance with GATT provisions such as the procurement and aircraft codes. Believes rules governing subsidies must be strengthened through multilateral negotiations such as the Uruguay Round of GATT.

SCIENCE AND TECHNOLOGY

"Science and technology are essential in restoring competitiveness. A primary policy focus should be to shift from military uses of science and technology to commercial development.... We cannot have our best physicists spending their time on Star Wars."

On federal funding for upgrading university infrastructure:

- Supports federal funding to upgrade university infrastructure.

1971-1983, President, Operation PUSH; 1966-1971, Executive Director, Operation Breadbasket. Age 46.

PAUL SIMON

OVERALL VIEWS

"Deficits hurt competitiveness and job growth by driving up interest rates and artificially inflating the dollar. In addition, the interest on the debt generates an intolerable transfer of wealth from tax-paying middle-income earners to high-income bondholders.

"I will reduce the deficit with a combination of job growth and federal budget savings. For every percentage point drop in the unemployment rate, the deficit falls by $30 billion....

"We must provide remedial-education, job training and assistance in job search and placement.... We must combine our education system and our job-training programs to ensure that our young people will be able to find productive, long-term employment and our labor needs will be met....

"Our next President must put a greater emphasis on research, development and long-term planning for this country. We need to provide an economic environment of stability that promotes the development of non-military, high-tech industry. This incudes incentives for industry to look far ahead of just the next financial quarter. We must also strengthen education, stressing science and foreign language programs."

CAPITAL FORMATION

On savings and investment:

- Proposes providing specific tax incentives to encourage savings and new investments.
- Does not support replacing the income tax with a consumption tax, but believes the tax code should "tilt the balance" toward savings rather than consumption.
- Proposes examination of long-term capital gains tax and tax treatment of pension plans.
- Voted against 1986 Tax Reform Act because it supported consumption at the expense of savings without addressing the deficit problem.
- Believes savings will be increased by boosting employment.
- Proposes increasing savings by reducing the federal budget deficit.

On the federal budget deficit:

"As a pay-as-you-go Democrat, I have worked throughout my congressional career to bring the deficit under control.... I will reduce the deficit with a combination of job growth and federal budget savings."

On spending:

- Supports a constitutional amendment to balance the budget.
- Supported the Gramm-Rudman-Hollings deficit-reduction plan.
- Proposes a freeze or cut in defense spending.
- Proposes review of non-defense spending to ensure that it is focused "on those areas that increase our competitive edge."

On revenues:

- In 1984, stated that raising taxes was necessary to move toward balancing the budget.[1]
- Supports "better targeting" of tax breaks and closing "unwarranted" loopholes to bring in new revenues.

HUMAN RESOURCES

"We must provide remedial education, job training and assistance in job search and placement. The federal government should work with the states, allowing states flexibility in designing programs that train and support those receiving government assistance for long-term productive employment. We need to combine a federal jobs program with providing realistic vocational training both in our schools and for those who need to be retrained for new jobs...."

On education:

- Supports "full funding" of education programs such as Head Start and Compensatory Education (Chapter 1).
- Supports incentives to states to improve funding and curricular assistance.
- Supports establishing national standards for teachers through implementation of the recommendations of The National Board for Professional Teaching Standards.
- Favors higher salaries for teachers.
- Supports increasing foreign language requirements for elementary and secondary school students, especially those who are college-bound.
- Proposes including federal incentives in the Higher Education Act that reward higher education institutions for holding costs down.
- Proposes increases in Pell grants.
- Proposes increased funding for international education programs.
- Supports increased funding for Title III of Higher Education Act, especially funding for community colleges and historically black colleges and universities.

On training and retraining:

- Supports tax incentives for corporations and individuals to support training and retraining.
- Believes business should support training efforts by urging employees to continue schooling; by working out flexible hours; by bringing instructors to industrial locations; by offering to subsidize tuitions; and by providing transportation to and from training sites.

INTERNATIONAL TRADE

"The United States can improve its competitive position most dramatically by adopting more prudent fiscal policies and by making sure that an overvalued dollar does not again price U.S. goods out of foreign markets. We should also consider increasing funding for Eximbank and target it specifically to smaller manufacturers, the sector holding the greatest potential for export expansion."

On meeting competition from low-wage countries:

- Believes that if the government must take steps to equalize the differences between America's standard of living and that of foreign nations, it should be done by encouraging other countries to move up to U.S. standards.
- Original co-sponsor of provisions to make violations of internationally recognized worker rights an unfair trade practice.
- Believes that the United States can retain its "natural advantage" in innovation and quality through federal encouragement of research and development.

On mandatory reduction in trade imbalances:

- Does not support such a mandatory reduction in trade imbalances, but is not unwilling to use access to the U.S. market as leverage to address unfair trade practices.

On foreign government subsidization of industries:

- Proposes addressing foreign government subsidies through bilateral and multilateral negotiations, including the GATT.

SCIENCE AND TECHNOLOGY

"Science and technology play a twin role in restoring U.S. competitiveness: they stimulate innovations and improve manufacturing techniques for all products. Our nation has always been a leader in new products, and if we are to retain that edge, a renewed emphasis on science and technology must be undertaken. The necessary first step toward this improvement is a pool of qualified and creative scientists and engineers, which in turn demands government support of high-quality technical education at secondary, vocational and college levels."

On federal R&D:

- Believes that "too much" government-sponsored research is in the defense area, which provides few "spillovers" to the civilian sector.
- Supports increased funding of federal programs aimed at promoting civilian commercial competitiveness.
- Believes that because of budget deficits, resources must be targeted to areas that will yield the greatest return.

On the R&D tax credit:

- Supports making the R&D tax credit permanent.

On Sematech:

- Supports federal funding for Sematech.
- Believes direct government involvement in industries must be approached on a case-by-case basis.
- Supports government involvement in those industries that can "prove that they are willing to take steps, sometimes painful, to restore their competitiveness."

On federal funding for upgrading university infrastructure:

- Supports federal funding to upgrade university research facilities.

1985-present, U.S. Senator from Illinois; 1975-1985, U.S. Congressman from Illinois; 1969-1973, Illinois Lt. Governor; 1963-1969, Illinois State Senator; 1955-1963, Illinois State Representative. Age 59.

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(1) "P.S. Washington," A Weekly Column by Paul Simon, December 21-27, 1984.

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GEORGE BUSH

OVERALL VIEWS

"To deal with this {economic} challenge, some would have us look elsewhere for help and inspiration — to other countries and other ways of life. I don't buy that. We should look inside ourselves — and for the American solution.

"The American solution means renewing our emphasis on quality in our products — not 95 percent error-free but 100 percent. It means giving women equal treatment in the work place and equal rewards for their work. It means educating and training our people for the 21st century....

"We should provide more choice to parents and students, within the public school system.... We should provide merit pay and special recognition and reward for good teachers.... Finally, we should provide more assistance to the disadvantaged — in their early years....

"The American solution to the challenges of the 1990s means more than education.... The American solution also means renewing our emphasis on competition through innovation....

"The American solution is a renewed emphasis on free trade and incentives for growth. It is breaking down barriers to the movement of goods and services, not putting up new ones....

"Today, we're in a global economic battle with Japan, Europe and the emerging nations. Our future depends on our ability to compete; to do that, we need new technologies, new businesses, and new jobs. We need men and women willing to take a risk in this global market, the most competitive we have ever known. The key to this effort is to increase our long-term savings and investment...."[1]

CAPITAL FORMATION

On savings and investment:

- Supports cutting the capital-gains tax to 15 percent on investments held for at least one year.

On the federal budget deficit:

"Our job won't be complete until we get federal spending under control.... But we should work to balance the budget, not by raising taxes, but by cutting spending."

On spending:

- Proposes balancing the federal budget by reducing spending.
- Supports a constitutional amendment to balance the budget.
- Supports the line-item veto.

On revenues:

- Believes low taxes keep America competitive.

HUMAN RESOURCES

"The federal role in education is necessarily and appropriately limited. The primary governmental role has always belonged to local school boards and, to an increasing degree, to the states."

On education:

- Favors higher standards for teachers by instituting competency tests for new teachers, merit pay and special recognition of good teachers.
- Favors higher standards for students by: ending automatic promotion; requiring students to meet standards before progressing to the next grade or graduating; encouraging states to consider mandatory testing; and computer literacy requirements for high school graduation.
- Believes principals and administrators must provide strong leadership to create an environment in which "teachers can teach and students can learn" by cutting "red tape in the classroom," and eliminating "drugs and violence in the halls."
- Believes schools must play a role in teaching "fundamental values."

- Favors establishing special schools for students who excel in science and math.
- Supports reforming and devoting more resources to the major federal programs that finance remedial education for the disadvantaged.
- Proposes maintaining the Head Start program.
- Favors partnerships between businesses and local schools, including programs to help train high school seniors for jobs.
- Proposes student aid reforms, including: a College Savings Bond modeled after the U.S. Savings Bond; continued funding of the college work-study program; continued grants to low-income students; and expansion of the income-contingent work program to adjust repayment of loans based on earnings.[2]

On training and retraining

- Favors promoting "public/private" work partnerships.
- Supports the proposed $1 billion worker-adjustment program.

INTERNATIONAL TRADE

"This country is experiencing a protectionist fervor that is a reflection of fear. It's a defeatist attitude that we can't solve our problems.... Certainly there are unfair trading practices out there. And we must do everything in our power to guarantee free and fair trade and to see that our trading partners play by the rules. But if every unfair trade practice in the world were lifted tomorrow, it would reduce our $166 billion trade deficit by only $10-$15 billion dollars."

On mandatory reduction in trade imbalances:

- Opposes mandatory reduction in trade imbalances with countries whose trade surpluses with the United States are caused by unfair trade practices.

Other:

- Favors building on the U.S.-Canadian trade agreement by working with Mexico to create a "North American Compact."

SCIENCE AND TECHNOLOGY

"Technology is America's economic fountain of youth. It is what keeps us prosperous and vital."

On federal R&D:

- Favors more government and business resources for R&D. The federal government should increase R&D investment "beyond the current strong levels."

On the R&D tax credit:

- Favors making the R&D tax credit permanent.

On intellectual property protection:

- Favors strengthening intellectual property protection, both at home and abroad, to encourage innovation.

On collaboration between business-government-universities:

- Supports closer partnerships among business, government labs and university labs to move scientific advances to the marketplace.

1980-present, U.S. Vice President; 1976, CIA Director; 1974-1975, U.S. Ambassador to China; 1971-1973, U.S. U.N. Ambassador; 1967-1971, U.S. Congressman from Texas. Age 63.

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(1) "Excerpts of Remarks by Vice President George Bush," Buckhead Business Association and Midtown Business Association, Atlanta, Georgia, October 14, 1987.

(2) "Vice President Bush and Education," Press Release, July 29, 1987.

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ROBERT DOLE

OVERALL VIEWS

"The U.S. must make comprehensive efforts to improve its underlying competitiveness. This means improving our research capabilities; increasing our stress on education, particularly in the sciences; bettering labor-management relations; raising our savings rates to increase investment; and eliminating unnecessary regulations which hamper the productivity of our firms and workers. Like trade agreements, trade laws and exchange rates, all these other factors influence our ability to produce and trade efficiently and effectively."

CAPITAL FORMATION

On savings and investment:

- Believes the most important factor in improving U.S. savings rate is reducing the federal budget deficit. Cites fact that while net private savings has declined since the 1970s this decline is dwarfed by the increase in government dissaving.

- Believes the 1986 repeal of the consumer-interest deduction should have some positive impact on increasing individual savings.
- Favors rethinking aspects of the 1986 Tax Reform Act, with the goal of increasing private savings. In particular, would review the limitations on Individual Retirement Accounts.
- Would consider replacing some income taxes with taxes on consumption to reduce rates and encourage savings—as long as change is not regressive.

On the federal budget deficit:

"It is essential that we reduce these unbelievable budget deficits as soon as possible. We, as a nation, have been living beyond our means and it has to stop. Those who say we can simply grow out of the problem are wrong. Growth alone is not the answer, but growth and leadership are."

On spending:

- Would concentrate deficit-reduction efforts on government spending. Believes that most Americans would support a package of spending reductions that was "fair" and touched all programs except for those targeted at the neediest.
- Favors convening a "true" budget summit to bring all parties together "to chart a course of action for balancing the budget."
- Supports line-item veto for the President.
- Favors constitutional amendment to balance the budget.

On revenues:

- Believes that deficit problem cannot be solved simply by raising taxes. "The problem is not lack of revenues. It is that our expenditures, measured as a percentage of our domestic economy, have risen above historic levels."
- Opposes raising individual or corporate tax rates.
- If revenues are needed, believes there are ways to raise such revenues, for instance, by closing loopholes, improving compliance and charging additional user fees for government services.

HUMAN RESOURCES

On education:

- Proposes greater accountability throughout the system by monitoring and evaluating teachers, textbooks and administrators.
- Proposes greater emphasis on basic courses in English, math, science and history.
- Proposes a technological revolution in education, with the federal government providing a leadership role. Proposes initiating national teaching fellowships, providing teachers with intensive training in the use of the latest technology and then returning them to their local schools to instruct colleagues.
- Proposes allocating federal money to innovative programs at the local level across the country, such as business/school partnerships.

- Favors federal leadership to encourage higher state standards for teachers and students.

On training and retraining:

- Supports tax incentives for corporations and individuals to support training and retraining efforts.
- Has supported a tax credit to encourage employers to hire disadvantaged workers who need additional training.
- Supports provisions in the tax code that exempt from an employee's income the value of education or training programs paid for by the employer and other educational assistance paid for by the employer but unrelated to an employee's job; and deductability for educational expenses to maintain or improve employment skills.
- Favors revising trade adjustment assistance rules to encourage retraining rather than merely extend unemployment benefits.

INTERNATIONAL TRADE

"Over the last several years U.S. trade deficits have gotten to the point where they represent a real threat to our economic security. These deficits are costing American workers their jobs and are undermining our productive capacity and long-term competitiveness."

- Proposes macroeconomic initiatives, including reducing the federal budget deficit, addressing the LDC debt crisis and seeking greater coordination of macroeconomic policy changes with Japan and West Germany.
- Proposes insistence on equivalent U.S. access to foreign markets.
- To promote "fairness in U.S. market," proposes updating trade laws and reviewing emphasis on the adjustment process for firms and workers injured by foreign imports.

On meeting competition from low-wage countries:

- Believes U.S. should not compete on the basis of wages, but by developing areas of present or potential strength: technology and entrepreneurship.

On mandatory reduction in trade imbalances:

- Has proposed alternative to mandatory reduction in trade imbalances with surplus countries. Proposal would require the U.S. Trade Representative to initiate GATT-consistent, Section 301 cases against countries that engage in a "persistent pattern" of unfair trade.

On foreign government subsidization of industries:

- Supports effective utilization and, if necessary, self-initiation of U.S. trade laws, including Section 301.

SCIENCE AND TECHNOLOGY

On the R&D tax credit:

- Would consider extension of a well-targeted R&D tax credit if it could be done in a "fiscally responsible manner."

Other:

- Proposes strengthening intellectual property protection.

1984-present, Senate Republican leader; 1971-1973, Republican National Chairman; 1969-current, U.S. Senator from Kansas; 1961-1968, U.S. Congressman from Kansas; 1951-1953, Kansas State Representative. Age 64.

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PETE DU PONT

OVERALL VIEWS

"By most indices, the U.S. economy is in better shape today than ever before. Unemployment is at a six-year low. Inflation is at a 20-year low. The U.S. economy has generated 13 million net new jobs in a five-year economic recovery, the longest peacetime expansion since World War II.

"The trade deficit is a problem, and the solution is to increase our exports and so create still more new jobs. The way to do that is to change or eliminate the government programs that are holding us back. For example:

- We need to eliminate the agricultural price-support program that has cut our agricultural trade surplus by one-third since 1981;
- We need to introduce some competition into our archaic education monopoly, which is producing children that routinely place 10th or 12th on international tests;

- We need to replace a welfare system that pays people not to work, instead of encouraging them to take productive jobs;
- We need to supplement our Social Security system, which funnels billions of dollars out of savings, with a Financial Security System that increases private savings;
- We need to win the war against drugs, which costs the American economy $100 billion in lost productivity last year alone.

"Fundamental reforms like these are the only way we'll make America more competitive."

CAPITAL FORMATION

On savings and investment:

- Believes operating Social Security on a pay-as-you-go basis undermines private savings.
- Proposes a Financial Security Plan that would allow people to save for retirement, funnelling "billions of dollars every year into private savings."
- Generally does not favor "tinkering" with the 1986 Tax Reform Act at this time, but would support restoring the capital-gains differential as a way to create stronger incentives for private investment.
- Does not support a consumption tax.

On the federal budget deficit:

"Today's federal budget deficit is a serious problem that must be addressed through spending reductions in the budget.... We must remember that the deficit is not our only economic challenge. The threat of higher taxes, and the increased inflation and reduced economic growth they would bring on, is far more serious."

On spending:

- Proposes elimination of some programs, "such as the failed $26-billion farm subsidy program."
- Believes welfare program should be replaced with a requirement that the able-bodied work, as a means of attacking poverty and reducing spending in the medium-term.
- Favors a line-item veto for the President.
- Favors constitutional spending and tax restraints, including a constitutional amendment to balance the budget.

On revenues:

- Opposes all tax increases.

HUMAN RESOURCES

On education:

- Supports competition in the educational system. Favors vouchers for elementary and secondary education.
- Proposes a National School Training Bank, whereby citizens receive schooling, training or retraining at any institution to which they are accepted; tuition would be financed with government loans at market rates.

On training and retraining:

- Supports training and retraining efforts through the National School Training Bank. Does not support new tax breaks for training programs, either for individuals or corporations.

INTERNATIONAL TRADE

"I believe the answer to our trade deficit lies in expanding exports and making our economy more efficient. Government's role is largely to get out of the way.... For example, we ought to eliminate the restrictions that prevent Alaskan oil and natural gas from being shipped to Japan and the prohibition on exporting timber harvested from government lands. Those actions alone would increase exports by $20 billion, and thus cut our trade deficit by nearly 15 percent.

"We won't solve America's trade deficit by putting up protectionist walls. We'll solve it by cutting the deadwood out of our federal government and putting America's destiny back in the hands of our greatest resource, her people."

On mandatory reduction in trade imbalances:

- Strongly opposes measures to require a mandatory reduction in trade imbalances.

On meeting competition from low-wage countries:

- Believes the key is for U.S. companies to become "more efficient in the way they do business."

On foreign government subsidization of industries:

- Favors discouraging foreign governments from using these "counterproductive" subsidies; believes the real victims of these subsidies are ultimately the countries that use them.

SCIENCE AND TECHNOLOGY

"Science and technology are not just important in the effort to improve our competitiveness — they are the very essence of that effort. Developments in science and their application in the form of applied technology are the driving forces behind economic change, and competitiveness could well be defined as the ability to stay abreast of or ahead of these forces."

On federal R&D:

- Should not judge the effectiveness of research and development spending in the defense area by looking at success in fostering commercial products. Believes defense-related breakthroughs have been transferred effectively to the private sector.
- Believes "the best thing the government can do to foster (civilian) R&D is to keep tax rates low so that companies can enjoy the full returns to their own investments."

On the R&D tax credit:

- Supports the R&D tax credit, believes the best long-run strategy is to replace specific tax preferences with lower across-the-board marginal rates.

On Sematech:

- Does not support federal funding for specific industries or direct government involvement in commercial activities.

On federal funding for upgrading university infrastructure:

- Supports federal funding for university research, but believes it should be tied to specific contracts and projects.

1985-1986, Chairman, Hudson Institute; 1977-1985, Delaware Governor; 1971-1977, U.S. Congressman from Delaware; 1969-1971, Delaware State Representative. Age 52.

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ALEXANDER HAIG, JR.

CAPITAL FORMATION

On the federal budget deficit:

"The lack of balance between American fiscal and monetary policy since the late seventies has been a crucial determinant of our economic disorder.... We face either the loss of growth or the removal of inflation, unless we can restore the balance between fiscal and monetary policy."

On spending:

- Believes that "no single area of the budget, such as defense, should bear the entire burden of deficit reduction."
- Favors reforming the budget process.
- Supports the line-item veto for the President.

- Opposes a constitutional amendment to balance the budget.

On revenues:

- "Only after all areas have been scrutinized, should additional revenue raising be considered."

HUMAN RESOURCES

On education:

- Favors tuition tax credits for parents who send their children to private schools, as a means of increasing parental choice.
- Supports the National Teacher Certification Program and a general tightening of teacher standards.
- Supports higher salaries for teachers.
- Supports re-establishment of basics—reading, writing, thinking, reasoning and "becoming fluent in the languages of our times—foreign or computer."
- Supports some form of "cost containment that arrests the excessive tuition increases of recent years." Supports Boston University President John Silber's higher education "revolving fund," which would eventually be self-financing.
- Believes issue of collecting delinquent loans should be "separated" from the issue of investing in higher education "by making monies available."

INTERNATIONAL TRADE

"Today the issue is not whether {trade} imbalances will persist. They will not. The choice before us is whether we shall channel these changes through a wise and orderly process or whether they will come about through a chaotic and disastrous tumble of events. And it is this choice that offers America in particular the opportunity to take up constructive international leadership once again."

- Proposes a five-step solution to the problem of trade imbalances, including: "put America's fiscal house in order; put America's industrial house in order; forge a freer and fairer trading system; devise a better solution to the problem of third world debt; and revive effective international cooperation, especially through the economic summits."
- Believes that "the old American formula of investment, innovation, productivity, quality is still the secret of success."

SCIENCE AND TECHNOLOGY

"We need a searching examination of our antitrust laws, our regulations, and our tax codes to encourage innovation."

ALEXANDER HAIG, JR. (R)

CANDIDATE PROFILE

1981-1982, U.S. Secretary of State; 1979-1981, President, United Technologies Corporation; 1974-1979, NATO Supreme Commander; 1973-1974, White House Chief of Staff; 1969-1973, National Security Council; 1947-1979, U.S. Army. Age 62.

This profile was prepared based upon several speeches, policy statements and comments supplied to the Council by the candidate's staff. They include: "Five Steps to Greater Prosperity," An Address to the American Bankers Association, Alexander M. Haig, Jr., June 1, 1987; and "Education for Excellence," Remarks by Alexander M. Haig, Jr., Trinity High School Commencement, Manchester, New Hampshire, June 16, 1987.

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JACK KEMP

OVERALL VIEWS

"United States industry may not be losing a battle of international competitiveness, but a chaotic international monetary system and a protectionist world-trading climate are preventing every trading nation from reaching its full growth potential in the world marketplace.

"America's trade deficit, often cited as an indication of weakness, is mostly a sign of America's economic strength. As one of the few economies which is growing rapidly, the U.S. is naturally buying more goods and services from abroad and attracting capital from foreign nations seeking profitable investment opportunities. The trade deficit, therefore, does not argue for increasing taxes, which would erode U.S. international competitiveness, but for more economic-growth abroad through tax reform, lower trade barriers and free markets.

"Fundamentally, the U.S. will dominate in the world marketplace when our factories are the most modern in the world and our workers are the best trained and most productive in the world. Obviously this requires a number of changes and reforms, not all of them coming from government.

"We must improve education by pursuing the ABCs of reform — accountability, back to basics and character formation. We must pass Enterprise Zones to give the poor, the blacks and other minorities the opportunity to contribute their talents and abilities to strengthen America's industrial might. We must also improve job training and vocational education....

"One thing is certain. There is nothing wrong with American capitalism that we cannot fix. And while too many experts are misjudging our competitiveness by a simplistic reading of trade-deficit figures, it nonetheless is vital that America lead the world community towards free trade, lower taxes and stable money...."

CAPITAL FORMATION

On savings and investment:

- Proposes lowering the capital-gains tax and allowing for the immediate expensing of new capital assets.
- Proposes expanding Individual Retirement Accounts.
- Opposes consumption taxes.

On the federal budget deficit:

On spending:

- Supports supply-side economics to reduce the budget deficit through growth. Believes lower unemployment and interest rates will reduce the federal budget deficit.
- Opposes Social Security cuts.
- Supports line-item veto for the President.

On revenues:

- Believes tax cuts will spur growth. Authored the 1981 tax reform package that cut personal tax rates by 25 percent, lowered the corporate rate to 34 percent and indexed the tax code for inflation.
- Opposes any increase in income or business tax rates and any reduction in tax deductions or credits.

HUMAN RESOURCES

"Education is primarily a state and local responsibility, but the federal government has an important but limited role."

On education:

- Believes focus should be on better investment of the $308 billion spent on education, not on increased spending.
- Favors allowing parents to choose any school in their school district that they feel meets their children's needs.

- Supports magnet schools.
- Favors tuition tax credits to diminish the double cost of a private education.
- Favors regular assessments of student, teacher and school performance; greater authority for principals to choose teaching staff and to reward success; performance-based pay for teachers and administrators; and authority for states to take control of districts that fail to fulfill responsibilities.
- Believes schools should focus on a basic curriculum of English, history, math and science.

INTERNATIONAL TRADE

"Our international trading system is also in danger of unraveling. The upsurge in protectionist sentiments is probably related to the unwieldy monetary system, but simplistic attempts to mandate bilateral trade balances or reductions in imports are guaranteed to cause a chain reaction of trade countermeasures that would cause trade and investment to collapse."

- Proposes launching an American "pro-trade offensive" by creating a North American Free Trade Area, breaking down all tariff and trade barriers among the United States, Mexico, Canada and Latin America.

On mandatory reduction in trade imbalances:

- Opposes mandatory reduction in trade imbalances with countries whose trade surpluses are caused by unfair trade practices.

1970-present, U.S. Congressman from New York; 1981-1987, House Republican Conference Chairman. Age 52.

The profile was drafted based upon the following statements of Representative Jack Kemp:

- "Winning in the World Economy."
- "Remarks to the Convention of the National Federation of Independent Businesses," June 22, 1987.
- "Why History Need Not Repeat Itself."
- "Kemp Calls for 'ABCs' of Education Reform," September 11, 1987.

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PAT ROBERTSON

OVERALL VIEWS

"The extent to which U.S. business and labor have become inefficient and, therefore, unproductive, is the extent to which our competitiveness as a nation has eroded.... The goal of a policy on competitiveness is three-fold: (1) to improve standards of living; (2) to increase the variety and quality of goods and services available; and (3) to achieve a high rate of employment. Productivity is the key. Over the last several decades, the U.S. has lagged behind other major industrial countries in productivity gains to the detriment of our national competitiveness.

"The situation has improved in recent years due to the threat of foreign competition, tax cuts and less government regulation. American businesses have realized improvements in efficiency, but further gains are needed. A Robertson Administration would give high priority to the following initiatives:

- Reduce government regulations and taxation, which only discourage business planning and innovation while driving up the cost of doing business.
- Encourage free world trade to promote growth and productivity in the U.S. and abroad.
- Combat functional illiteracy and establish high standards of excellence in education."

CAPITAL FORMATION

On savings and investment:

- Believes private savings opportunities would be enhanced through reductions in high tax rates, elimination of "double taxation" and cuts in "massive federal spending." Supports measures to reduce the cost of capital and to relax banking laws that make it difficult to secure capital.
- Strongly favors Individual Retirement Accounts to bolster saving, as well as various tax deductions and incentive credits to promote thrift.
- Supports revising the 1986 Tax Reform Act to increase private savings by repealing tax on long-term capital gains; restoring the 60 percent exclusion of long-term capital gains; restoring a full $2000 IRA deduction for all taxpayers, including non-salaried spouses; restoring full charitable contributions for taxpayers who do not itemize; repealing minimum tax on charitable gifts of appreciated property; taxpayers' rights to deduct state and local sales and use taxes; and maintaining scheduled reduction in the maximum personal tax rate to 28 percent.
- Does not support a consumption tax.

On the federal budget deficit:

"The budget deficit has a major, negative impact on competitiveness."

On spending:

- Supports key findings of the Grace Commission Report, The Packard Commission and Heritage Foundation studies that would "trim the federal budget by hundreds of billions of dollars."
- Supports privatization concepts that apply free-market principles to government programs.

On revenues:

- Opposes raising taxes. Believes that proposals to raise taxes to reduce the deficit will diminish productivity and America's competitive standing.

HUMAN RESOURCES

"Our personal success is directly related to our willingness to serve. Managers of industry must recognize this need to serve — to serve the customer as well as fellow employees. Likewise, workers must realize that increased prosperity for all depends upon increased productivity, and not upon antiquated slogans and inflationary rules that waste valuable human and financial resources.... The only way to justify increased wages is through increased productivity and sales. Drug and alcohol abuse must be stopped since sub-par performance on the job affects entire companies, industries and, ultimately, the nation.... A high premium [must be placed] on educational excellence which has a direct bearing on the quality and productivity of the work force."

On education:

- Favors "back to basics" approach, including teaching the phonics method of reading.
- Favors tuition tax credits, educational vouchers and home schooling as alternatives to "academic mediocrity" in the public schools.
- Favors standards at the state level that link teacher pay to performance and competency tests for student promotion and graduation.
- Believes colleges should be subject to the "disciplines of the marketplace," which would spur efficient administration, more equitable pricing policies and more productive faculties.
- Supports educational scholarships; low-interest student loans administered to maximize the rate of pay-backs; and long-term investment vehicles to promote private saving for education.

On training and retraining:

- Believes state governments should be given a greater role in workers' training and retraining efforts.
- Supports tax incentives for companies providing employee training and retraining.
- Believes workers' personal expenses for training and retraining should be fully tax deductible. Displaced workers should be allowed to use IRA funds for training without incurring a tax penalty if they repay the funds within the tax year.
- Favors allowing dislocated workers to draw a part of unemployment compensation if they participate in full-time, state-approved training programs.

INTERNATIONAL TRADE

Supports free and open trade among nations to promote economic growth worldwide. "At the same time, trade must be fair. Nations that close their doors to our products and services will find ours closed to theirs. The benefits of free trade are many, but to be free, it must be fair."

- Supports removal of government-imposed restrictions on exports.
- Supports an aggressive trade policy that seeks and develops new markets.
- Supports technological innovation and improvement in the quality of U.S. goods.

On meeting competition from low-wage countries:

- Believes the key is for the government to promote economic growth and development worldwide. Believes wages traditionally have been higher in the United States because American business has been productive and labor-efficient. When economy is competitive, demand for labor is strong and workers' wages are higher.

On foreign government subsidization of industries:

- Opposes foreign government subsidization of high-tech and other industries as unfair and discriminatory.

SCIENCE AND TECHNOLOGY

"Continued innovation in science and technology is indispensable to restoring America's competitive edge.... Favors vigorous program of corporate incentives and tax credits to further stimulate research and development activities. Foreign companies have badly damaged U.S. economic interests and competitiveness by stealing and counterfeiting our creative property. [We must give] high priority to establishing greater government protection of [intellectual] property rights, such as patents and trademarks. [We must also] tighten the Freedom of Information Act insofar as it permits access to trade secrets of U.S. companies by foreign competitors and communist nations."

On federal R&D:

- Believes federal funding of R&D for defense purposes, such as SDI technology, has the potential for significantly improving commercial competitiveness through innovative technology and scientific advancements in fields such as superconductivity. Does not favor increased federal funding to promote civilian commercial competitiveness. Instead, supports removal of federal interference with business.

On the R&D tax credit:

- Favors making the R&D tax credit permanent.

On Sematech:

- Undecided.

On federal funding for upgrading university infrastructure:

- Believes research infrastructure should be upgraded with state funding and private sector support.

1977-present, Founder and Chancellor, CBN University; 1960-1987, Founder, Chairman and Chief Executive Officer, Christian Broadcasting Network, Inc. Age 57.

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CAPITAL FORMATION

The availability of sufficient capital, plus the willingness to invest it aggressively, are essential to a nation's competitiveness. Capital investment in the United States is affected most dramatically by domestic macroeconomic policies, particularly U.S. fiscal policy. Federal budget deficits, which have ranged between 4 to 5 percent of Gross Domestic Product between 1982 and 1986, have reduced the availability of attractively priced capital for domestic investment. The budget deficit problem is exacerbated by the low gross private savings rate in the United States, which has fallen from 18.0 percent of Gross Domestic Product in 1981 to 16.1 percent in 1986.

Given the linkages between investment and productivity growth, it is essential that the United States increase the pool of capital available for investment in new plants and equipment. There are two basic and related issues. First, how can the United States increase its private savings? Second, to what extent does the tax code contribute to the low savings rate and how should the tax code be changed to promote increased savings and investment? The candidates were asked to comment on these two basic issues.

PRIVATE SAVINGS AND INVESTMENT

Question: *What specific steps, if any, would you take to increase the private savings rate? Would you rethink any portions of the 1986 Tax Reform Act? If so, which portions? And do you favor a shift from an income-based tax system to a consumption-based one?*

DEMOCRATS

BRUCE BABBITT

- Believes low private savings rate is exacerbated by net dissavings of the federal government. Proposes deficit-reduction package that includes spending cuts and a national consumption tax.
- Believes consumption tax will help reduce the deficit and shift economic incentives away from consumption and toward savings.
- Also proposes "capital-creating" programs, including: tax incentives for workers to take part of their compensation in company stock; portable pensions to help workers save for retirement; and wider use of Employee Stock Ownership Plans in financing corporate growth.
- Does not favor changing the 1986 Tax Reform Act — would be a "blow to predictability."

MICHAEL DUKAKIS

- Supports improving the climate for long-term productive investment by controlling insider trading and short-term financial speculation.
- Does not support changes to the 1986 Tax Reform Act because of the need for predictability.
- Would not initiate a shift from income to consumption as the basis for the tax system.

RICHARD GEPHARDT

- Proposes cutting the federal budget deficit to reduce demand for capital that could flow to other investment opportunities.
- Proposes altering long-term spending patterns and developing a long-term spending strategy through a mix of present programs; an expansion of pension plan coverage; and leadership at the federal level that emphasizes the need to save.
- Believes the 1986 Tax Reform Act will increase the savings rate by phasing out the consumer-interest deduction.

ALBERT GORE, JR.

- Proposes giving low- and middle-income Americans the chance to start a "savings ladder" through a tax-exempt down-payment account for a first home and a tuition account for their children's higher education.
- Generally believes the 1986 Tax Reform Act should be given time to work before another major revision is initiated. But believes the Act could be improved, particularly by promoting private savings.
- Does not support a shift from income to consumption as a basis for the tax system. Believes a sales tax is inherently regressive and that concessions needed to make it less regressive may result in a "bureaucratic nightmare."

JESSE JACKSON

- Believes public sector can set example for the private sector by lowering its deficit and spending more on public improvements.
- Believes tax and pension-fund investment incentives must be used to direct existing savings toward "productive uses and job creation" rather than to mergers and the creation of speculative profits. Proposes using a small portion of public pension-fund capital — with a guaranteed rate of return — for developing human resources.
- Supports reviewing the 1986 Tax Reform Act, particularly the "accelerated depreciation allowance," with a goal of increasing private savings.
- Does not support a consumption tax.

PAUL SIMON

- Proposes providing specific tax incentives to encourage savings and new investments.
- Proposes examining long-term capital-gains tax and tax treatment of pension plans.
- Voted against 1986 Tax Reform Act because it supported consumption at the expense of savings, without addressing the deficit problem.
- Believes savings will be increased by boosting employment.
- Proposes increasing savings by reducing the federal budget deficit.
- Does not support replacing the income tax with a consumption tax, but believes the tax code should "tilt the balance" toward savings rather than consumption.

REPUBLICANS

GEORGE BUSH

- Supports cutting the capital-gains tax to 15 percent on investments held for at least one year.

ROBERT DOLE

- Believes the most important factor in improving the U.S. savings rate is reducing the federal budget deficit. Cites fact that while net private savings has declined since the 1970s, this decline is dwarfed by the increase in government dissaving.
- Believes the 1986 repeal of the consumer-interest deduction should have some positive impact on increasing individual savings.
- Favors rethinking aspects of the 1986 Tax Reform Act, with the goal of increasing private savings. In particular, would review the limitations on Individual Retirement Accounts.
- Would consider replacing some taxes on income with consumption taxes to reduce rates and encourage savings—as long as change is not regressive.

PETE DU PONT

- Believes operating the Social Security system on a pay-as-you-go basis undermines private savings.
- Proposes a Financial Security Plan that would allow people to save for retirement, funnelling "billions of dollars every year into private saving."

- Generally does not favor "tinkering" with the 1986 Tax Reform Act at this time, but would support restoring the capital-gains differential as a way to create stronger incentives for private investment.
- Does not support a consumption tax.

ALEXANDER HAIG, JR.

Did not respond.

JACK KEMP

- Proposes lowering the capital-gains tax and allowing for the immediate expensing of new capital assets.
- Proposes expanding Individual Retirement Accounts.
- Opposes consumption taxes.

PAT ROBERTSON

- Believes private-savings opportunities would be enhanced through reductions in high tax rates, elimination of "double taxation" and cuts in "massive federal spending." Supports measures to reduce the cost of capital and to relax banking laws that make it difficult to secure capital.
- Strongly favors Individual Retirement Accounts to bolster savings, as well as various tax deductions and incentive credits to promote thrift.
- Supports revising the 1986 Tax Reform Act to increase private savings by: repealing tax on long-term capital gains; restoring the 60 percent exclusion of long-term capital gains; restoring a full $2000 IRA deduction for all taxpayers, including non-salaried spouses; restoring full charitable contributions deductions for taxpayers who don't itemize; repealing minimum tax on charitable gifts of appreciated property; restoring taxpayers' rights to deduct state and local sales and use taxes; and maintaining scheduled reduction in the maximum personal tax rate to 28 percent.
- Does not support a consumption tax.

FEDERAL BUDGET DEFICIT

Question: *How important a contributor has the federal budget deficit been to declining U.S. competitiveness? What specific steps would you take—on both the spending and revenue sides of the ledger—to reduce the deficit?*

DEMOCRATS

BRUCE BABBITT

On spending:

- Proposes a "universal needs test" to discipline government spending: every government expenditure should be targeted on some measure of need. Proposes $20 billion in specific budget cuts for FY 1988.

On revenues:

- Proposes a progressive national consumption tax to raise revenues. At 5 percent, it would raise $40-$60 billion annually. Tax could be made progressive by either exempting "things like clothing, food, medicine, perhaps even housing," or increasing the standard federal income tax deduction to reduce the impact on low-income Americans.
- Would only sign a consumption-tax bill if it were accompanied by a budget measure holding federal spending in check.

MICHAEL DUKAKIS

On spending:

- Supports spending reductions. Does not believe major cuts in the domestic side of the budget are possible. "It's been savaged over the past seven years, and Americans aren't going to turn the screws on essential investments in our economic future or on the most vulnerable of our fellow citizens."

On revenues:

- Believes the IRS should collect as much as possible of the $110 billion in uncollected taxes through improved IRS enforcement.
- Believes the 1981 tax bill "gave us the biggest budget deficit in history. A bill that drove the value of the dollar right through the roof, that has had a devastating effect on our ability to compete in world markets."
- Opposes alcohol or tobacco tax increases, a national sales tax (because it is regressive), oil-import fees, excise taxes and income-tax increases.

RICHARD GEPHARDT

On spending:

- Favors reducing the Defense Department budget and restructuring federal agricultural payments.

On revenues:

- Favors closing income-tax loopholes by: eliminating the marriage penalty; eliminating tax breaks that encourage tax-shelter farming; and strengthening minimum-tax provisions for wealthy individuals and corporations.
- Favors imposing a new tariff on imported oil to establish floor price of $24 per barrel, which would generate $12 billion. Would provide exemptions for agricultural and home heating oil and for oil used in manufacturing goods for U.S. export.
- Favors taking steps to improve taxpayer compliance.

ALBERT GORE, JR.

On spending:

- Proposes a complete overhaul of the budget process. Would establish a two-year budget cycle and a bipartisan procedure for controlling spending in a "fair and reasonable way."

- Believes each line item should be judged on its merits, with funding levels dependent upon continued need, the program's effectiveness in meeting objectives and efficiency in implementation.
- Supports deficit reduction based primarily on substantial spending cuts and reordering of spending priorities. The necessary sacrifices must be "shared equitably."
- Supports constitutional amendment to balance the budget.

On revenues:

- Does not currently favor tax increases, but does not rule them out. If additional revenues were needed, would begin by closing "unjustifiable" tax loopholes that remained after the 1986 Tax Reform Act.
- Does not favor a national sales tax, value-added tax, an increase in personal income tax or a business-transfer tax. Does not believe an oil-import fee would be an effective revenue raiser. Believes revenues can be increased somewhat by increased enforcement and IRS reforms.

JESSE JACKSON

On spending:

- Favors new budget priorities, including reductions in "unnecessary" military spending.

On revenues:

- Believes U.S. needs a "fairer" tax system.
- If taxes are raised, increases should be directed at the "wealthy" and corporations.

PAUL SIMON

On spending:

- Supports a constitutional amendment to balance the budget.
- Supported the Gramm-Rudman-Hollings deficit-reduction plan.
- Proposes a freeze or cut in defense spending.
- Proposes review of non-defense spending to ensure that it is focused "on those areas that increase our competitive edge."

On revenues:

- In 1984, advocated that raising taxes was necessary to move toward balancing the budget.
- Supports "better targeting" of tax breaks and closing "unwarranted" loopholes to bring in new revenues.

REPUBLICANS

GEORGE BUSH

On spending:

- Proposes balancing the federal budget by reducing spending.
- Supports a constitutional amendment to balance the budget.
- Supports a line-item veto for the President.

On revenues:

- Believes low taxes keep America competitive.

ROBERT DOLE

On spending:

- Supports balancing the budget by 1992.
- Favors no changes in Social Security.
- Would concentrate budget deficit-reduction efforts on government spending. Believes that most Americans would support a package of spending reductions that was "fair" and touched all programs except those for the most vulnerable in our society.
- Favors convening a "true" budget summit to bring all parties together "to chart a course of action for balancing the budget."
- Supports a line-item veto for the President.
- Supports a constitutional amendment to balance the budget.

On revenues:

- Does not support a tax increase.
- Opposes raising individual or corporate tax rates. Believes there are other ways of raising revenues if necessary: closing loopholes; improving compliance with the tax code; and charging additional user fees.

PETE DU PONT

On spending:

- Believes some programs should be eliminated altogether, such as the "failed $26-billion farm subsidy" program.
- Proposes replacing welfare program with required work for the able-bodied as a means of attacking poverty and reducing spending in the medium-term.
- Favors constitutional taxing and spending restraints, including a constitutional amendment to balance the budget.
- Favors a line-item veto for the President.

On revenues:

- Believes the threat of higher taxes and the increased inflation and reduced economic growth they would cause is a more serious threat than the budget deficit.

ALEXANDER HAIG, JR.

- Advocates a "grand compromise" between the contending political interests of the President and Congress, reform of the budget process and use of the line-item veto by the President to get the budget under control.

On spending:

- Believes no one budget account should "bear the entire burden of reduction."
- Supports budget reform.
- Supports a line-item veto for the President.
- Opposes a constitutional amendment to balance the budget.

On revenues:

- Has not ruled out a tax increase, but would use it only as a last resort.

(From "Five Steps to Greater Prosperity," An Address to the American Bankers Association, June 1, 1987.)

JACK KEMP

On spending:

- Argues that lower unemployment and interest rates will reduce the federal budget deficit.
- Supports a line-item veto for the President.
- Opposes cuts in Social Security.

On revenues:

- Believes in growth through tax cuts. Authored the 1981 tax reform package, which cut personal tax rates by 25 percent, lowered the corporate rate to 34 percent and indexed the tax code for inflation.
- Opposes any increase in income or business tax rates and any reduction in tax deductions or credits.

PAT ROBERTSON

On spending:

- Proposes across-the-board but "fair" cutbacks in federal spending to reduce the budget deficit.
- Supports key findings of the Grace Commission Report, The Packard Commission and Heritage Foundation studies "that would trim the federal budget by hundreds of billions of dollars."
- Supports privatization concepts that apply free-market principles to government programs.

On revenues:

- Opposes raising taxes. Believes that proposals to raise taxes to reduce the deficit will diminish productivity and America's competitive standing.

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HUMAN RESOURCES

The quality of the labor pool is critical to America's ability to compete. Increased productivity depends directly on educated, skilled and motivated people. A troubled educational system and the lack of a comprehensive, coordinated training and adjustment program have undermined the development of a skilled, motivated and flexible American work force.

Among the chief concerns: an estimated 23 million illiterate Americans; high school drop-out rates of 25 percent nationwide and near 50 percent among some minority groups; American students' low rankings on international achievement tests; post-secondary tuition costs that have exceeded the inflation rate for the past several years; and millions of displaced workers who are being neither adequately trained for new jobs nor helped to find those jobs.

Candidates were asked to address three basic human resource issues: (1) restoring excellence to the K-12 educational system; (2) making post-secondary education more affordable; and (3) defining the federal government's role in training and retraining U.S. workers.

K-12 EDUCATIONAL SYSTEM

Question: *What is the federal government's role in restoring excellence to the K-12 educational system? Specifically, should the federal government establish national standards for teachers or national testing for students?*

DEMOCRATS

BRUCE BABBITT

- Supports a "dramatic expansion" of federal funding for pre-school education, including universal Head Start and kindergarten programs and a commitment to child care through federal-state vouchers for working parents.
- Believes the role of the Department of Education should be to fund research and development, develop model programs and establish educational objectives based upon concrete measures of student achievement.
- Believes the federal government should encourage the states to test students periodically to assess their progress and to set up remedial programs.
- Believes the federal government should establish national standards for teachers.

MICHAEL DUKAKIS

- Favors increased support for programs for the disadvantaged, including Chapter I, Head Start and school-nutrition programs. Believes that the federal government must enforce civil rights statutes that ensure "fair and equitable treatment" for all citizens.
- Proposes a national teaching excellence fund, with a first-year investment of $250 million: to provide scholarships for future teachers; to work with the states tocreate field centers of learning; to launch a new national teacher corps; to encourage business to make mid-career placements of employees into the teaching profession; to help states expand programs to recognize and reward teachers' performance; and to work closely with the National Standards Board to establish standards of teacher competence.
- Does not support establishing national standards for teachers; believes state and local governments should test students.

RICHARD GEPHARDT

- Favors launching a national drive for educational excellence in which states that improve students' performance and reduce drop-out rates would receive educational-bonus grants to help finance additional improvements and innovations.
- Supports the new National Board for Professional Teaching Standards, which will certify teachers who pass stringent competency tests.
- Proposes federal grants for public schools that implement student-proficiency standards in subjects such as English, math, science and foreign languages.
- Favors higher salaries and increased status for teachers.

ALBERT GORE, JR.

- Favors restoring federal share of education funding to at least 10 percent of total national educational expenditures.
- Supports the "professionalization" of teaching through higher pay, fewer administrative responsibilities and greater authority and autonomy in the classroom. In return, teachers should be held more accountable for results.

- Favors encouraging states to adopt teacher-certification programs, new testing standards and longer school years.

JESSE JACKSON

- Supports reordering of domestic priorities, including shift from defense spending to education spending.
- Supports increasing federal funding for education to $25 billion.
- Believes the Secretary of Education should vigorously enforce affirmative-action programs and support professional status and pay for teachers.

PAUL SIMON

- Supports "full funding" of education programs such as Head Start and Compensatory Education (Chapter 1).
- Supports incentives to states to improve funding and curricular assistance.
- Supports establishing national standards for teachers through implementation of the recommendations of the National Board for Professional Teaching Standards.
- Favors higher salaries for teachers.
- Proposes including federal incentives in the Higher Education Act that reward higher education institutions for holding costs down.
- Supports increasing foreign-language requirements for elementary and secondary school students, especially those who are college-bound.

REPUBLICANS

GEORGE BUSH

- Believes that the federal role in education is limited, with the primary responsibility belonging to local school boards and, to an increasing degree, to state governments.
- Favors devoting more resources to major federal programs for remedial education for the disadvantaged. Reforms would improve targeting of funds to schools with the highest concentration of low-income students and increase accountability for using funds effectively.
- Favors competency tests for beginning teachers in the subjects they teach and in English skills.
- Favors maintaining the Head Start program, which provides comprehensive development services for pre-school children from low-income families.
- Favors merit pay and special recognition for good teachers.
- Favors state testing of students.
- Favors ending automatic promotion; believes students must meet standards to progress to the next grade or to graduate.
- Favors establishing special schools for students who excel in science and math.
- Favors encouraging states to make computer literacy a graduation requirement.
- Favors business partnerships to combat illiteracy and student dropouts.

(From Press Release, "Vice President Bush and Education," July 29, 1987.)

ROBERT DOLE

- Proposes greater accountability throughout the system — by monitoring and

evaluating teachers, textbooks and administrators.
- Proposes greater emphasis on basic courses in English, math, science and history.
- Proposes a technological revolution in education, with the federal government providing a leadership role. Proposes initiating national teaching fellowships, providing teachers with intensive training in the use of the latest technology and then returning them to their local schools to instruct colleagues.
- Favors strong federal leadership to encourage higher state standards for students and teachers.
- Proposes allocating federal "incentive funds" to innovative programs at the local level across the country, such as business/school partnerships.

PETE DU PONT

- Supports an education-voucher system that would allow private schools to compete with public schools for students on an "equal footing."

ALEXANDER HAIG, JR.

- Believes the tradition of private schools should be strengthened and favors tuition tax credits for parents who send their children to private schools.
- Supports the National Teacher Certificate Program and a general tightening of teacher standards.
- Supports higher pay for teachers.
- Favors focus on "basics" — reading, writing, thinking and reasoning.

From "Education for Excellence," Remarks by Alexander M. Haig, Jr., Trinity High School Commencement, Manchester, New Hampshire, June 16, 1987.)

JACK KEMP

- Believes that education is primarily a state and local responsibility, but the federal government has an important but limited role.
- Proposes focusing on how to better invest the $308 billion Americans already spend on education every year, rather than on increasing spending.
- Favors regular assessments of students, teacher and school performance; greater authority for principals to choose teaching staff and to reward success; performance-based pay for teachers and administrators; and authority for states to take control of districts that fail to fulfill responsibilities.
- Favors allowing parents to choose any school in their school district that they feel meets their children's needs.
- Supports magnet schools.
- Favors tuition tax credits to diminish the double cost of a private education.
- Believes schools should focus on a basic curriculum of English, history, math and science.

(From "Kemp Calls for 'ABCs' of Education Reform," September 11, 1987.)

PAT ROBERTSON

- Favors a "back-to-basics" approach to teaching, including the phonics method of reading.
- Supports an education-voucher system that gives parents the maximum opportunity to choose an education for their children, as long as vouchers are not used to

discriminate against the poor or minorities. Opposes any voucher plan that would allow the government to interfere with private religious schools.
- Supports home schooling as an alternative to "academic mediocrity" in public schools.
- Favors state-administered standards that link pay to performance for teachers and competency tests for the graduation and promotion of students.

STUDENT LOANS FOR POST-SECONDARY EDUCATION

Question: *Given that the cost of higher education is rising much faster than general inflation, how would you ensure that qualified students can afford to attend post-secondary educational institutions?*

DEMOCRATS

BRUCE BABBITT

- Believes that the federal government should loan every student who wants a college education as much as necessary. Debt repayments should be linked to a percentage of earnings after graduation.
- Graduates who teach for at least five years in the public schools should be forgiven their loans, and those going into the Peace Corps, military or other specified public services should be granted a debt reduction.

MICHAEL DUKAKIS

- Believes no qualified individual should be denied the opportunity to receive a college education because of need.
- Proposes creating an educational insurance fund, which would be repaid and replenished through income withholding.
- Pledges to "end the assaults" on Pell grants and student loans.

RICHARD GEPHARDT

- Supports restoring commitment that no qualified student will be denied a college education because of the student's inability to pay.
- Proposes creation of an Individual Development and Education Account (IDEA) to encourage early savings for higher education. The IDEA account, similar in concept to the IRA, would let parents set up educational savings accounts for their children. The federal government could provide matching funds, based on a formula tied to family income level.
- Supports bolstering federal grant and loan programs for low-income students.

ALBERT GORE, JR.

- Proposes establishing a tax-exempt fund to encourage savings for higher education.
- Believes America must renew its commitment to equal opportunity for higher education.
- Supports continued availability of loans for "worthy" middle-income students. Supports special financing programs for the disadvantaged in the form of grants and loans.

- Supports targeted efforts to ensure that minority and disadvantaged students are fully prepared to enter and succeed in college.

JESSE JACKSON

- Believes the facts demonstrate that the Reagan Administration's shift from grants to student loans has had a devastating effect, particularly on minority youth.
- Proposes devoting a larger amount of money to grants and scholarships. Also supports expanding the work-study program and available work for students.

PAUL SIMON

- Proposes including federal incentives in the Higher Education Act that reward higher education institutions for holding down costs.
- Proposes restoring funding for international education and for smaller, private, historically black and community colleges.
- Supports increases in Pell grants.
- Proposes increased funding for international education programs.
- Supports increased funding for Title III of the Higher Education Act, especially funding for community colleges and historically black colleges and universities.

REPUBLICANS

GEORGE BUSH

- Proposes creating a College Savings Bond modeled after the U.S. Savings Bond program. Bonds would be tax-free if applied to two- or four-year college tuition.
- Proposes an education savings account modeled after an Individual Retirement Account to help parents save for their children's education. Also proposes applying a tuition-prepayment program on a national level.
- Proposes that families who are not able to save be given additional federal support through continued funding of the college work-study program; continuation of grants to low-income students; and expansion of the income-contingent loan program to base repayment on earnings.

(From press release, "Vice President Bush and Education," July 28, 1987.)

ROBERT DOLE

- Has supported legislation that would provide for an IRA-type account for education along with an educational savings bond.

PETE DU PONT

- Proposes a National School Training Bank, financed with government guarantees to provide loans to citizens for schooling, training or retraining at any institution.

ALEXANDER HAIG, JR.

- Supports "some form of cost containment that arrests the excessive tuition increase of recent years."

- Supports Boston University President John Silber's proposal for a higher education "revolving fund" that would eventually be self-financing without federal obligations.
- Believes in separating issue of collecting delinquent loans from issue of investing in higher education by making monies available. Alternative financing plans need to meet the "criteria of responsibility to both the student and the taxpayers."

(From "Education for Excellence," Remarks by Alexander M. Haig, Jr., Trinity High School Commencement, Manchester, New Hampshire. June 16, 1987.)

JACK KEMP

Did not respond.

PAT ROBERTSON

- Believes that increasing federal aid to colleges has been counterproductive because college administrators have not been challenged to correct "inefficient practices that are driving college costs up." Believes colleges should set standards for their own cost performance and should be subject to the "disciplines of the marketplace," with administrators taking greater responsibility for "getting their houses in order."
- Supports educational scholarships; low-interest student loans administered in a way that maximizes pay-backs; and long-term investment vehicles to promote private-sector savings.

TRAINING AND RETRAINING AMERICAN WORKERS

Question: *What is the federal government's role in training and retraining to meet the changing needs of the business community? Specifically, do you support training tax incentives for corporations or individuals?*

DEMOCRATS

BRUCE BABBITT

- Proposes "individualized training entitlements" so that every worker has the means to acquire the skills needed for a new job after dislocation.
- Proposes that the federal government create incentives for investment in employee training and education through a tax credit.

MICHAEL DUKAKIS

- Supports recommendations of the National Governors' Association to combat functional illiteracy, including: identifying successful existing programs; creating new computer-based learning technologies; calling upon the private sector to match federal commitment of $25 million in seed grants to states; and encouraging a spirit of volunteerism.
- Supports training and retraining efforts, but does not support changes to the tax code for this purpose.

RICHARD GEPHARDT

- Supports improvements in job-placement services, including more active involvement of the private sector in job-training initiatives and increased communication between the private and public sectors to improve job prospects for those who study and train.
- Favors full funding and expansion of current training and retraining programs to assist workers displaced by foreign competition.
- Favors expanding the Job Training Partnership Act program to reach more workers.
- Proposes making the Unemployment Insurance Program more effective by developing new linkages between state agencies, and by providing innovative services, such as relocation assistance, re-employment bonuses and economic-adjustment allowances to test ways of helping dislocated workers to find new jobs.

ALBERT GORE, JR.

- Believes public policy should minimize impact of worker dislocation caused by foreign competition and the introduction of new technologies.
- Co-sponsored legislation to require advance notification of plant closings, which he believes is essential to effective worker utilization of adjustment programs.
- Supports restructuring Title IV of the Job Training Partnership Act — the primary federal program for displaced workers. Proposes expanding the program to include training opportunities for workers who need better skills, so that they can find new jobs faster and not suffer a larger cut in wages when they are re-employed.
- Believes greater emphasis should be placed on providing extended training in job-related skills to non-displaced workers.
- Would consider expanding the trade adjustment assistance program to provide assistance under circumstances that are not necessarily related to foreign competition, such as in response to the introduction of new technologies and other workplace changes.
- Because of the need for fiscal restraint, does not support tax incentives for corporate or individual training and retraining efforts.

JESSE JACKSON

- Supports tax incentives for corporations that provide training and retraining for their employees, and for individuals who enroll in training and retraining programs.

PAUL SIMON

- Believes in tax incentives for corporations and individuals to support training and retraining efforts.
- Believes business should support training efforts by urging employees to continue schooling; by working out flexible hours; by bringing instructors to industrial locations; by offering to subsidize tuitions; and by providing transportation to and from training sites.
- Supports proposed $1-billion worker-adjustment program.

REPUBLICANS

GEORGE BUSH

- Favors partnerships between businesses and local schools, including commitments to help train high school seniors for jobs after they graduate.
- Supports proposed $1-billion worker-adjustment program.

ROBERT DOLE

- Believes in tax incentives for corporations and individuals to support training and retraining efforts.
- Has supported a tax credit to encourage employers to hire disadvantaged individuals who need additional training.
- Supports provisions in tax code to exempt from employees' income the value of education and training paid for by the employer but unrelated to the employee's job; and deductability for job-maintenance or skills-improvement training.
- Favors revising trade adjustment assistance laws to foster retraining workers rather than merely extending their unemployment benefits.

PETE DU PONT

- Proposes a National School Training Bank financed with government guarantees to provide loans to citizens for schooling, training or retraining at any institution.
- Does not support new tax breaks for training efforts.

ALEXANDER HAIG, JR.

Did not respond.

JACK KEMP

Did not respond.

PAT ROBERTSON

- Supports corporate and individual tax incentives for training and retraining efforts.
- Believes displaced workers should be able to use IRA funds for training purposes without incurring a tax penalty, provided that funds are repaid within the tax year.
- Favors allowing dislocated workers to draw partial unemployment compensation if they participate in state-approved training programs.

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INTERNATIONAL TRADE

America's deteriorating position in world markets is one of the clearest indications of the nation's declining competitiveness. The U.S. trade deficit — $160 billion in 1986 — is the result of a complex set of interrelationships between foreign and domestic macroeconomic and microeconomic policies. Restoring America's trade position represents a significant challenge for the next President. The four questions asked of the candidates underscore some of the critical issues facing America in its effort to "turn around" the trade deficit.

AMERICA'S POSITION IN WORLD MARKETS

Question: *What steps should be taken to improve America's position in world markets?*

DEMOCRATS

BRUCE BABBITT

- Believes America must resist "protectionist retreat;" instead of erecting new trade barriers, should be working to encourage and expand trade.
- Supports negotiation of a worldwide agreement, which calls for mutual reductions in trade barriers and which sets a goal of balanced trade for each country.

MICHAEL DUKAKIS

- Believes the United States must get its "fiscal house in order."
- Supports helping to "open doors" for small and medium-sized potential U.S. exporters.
- Proposes forming an Alliance for Global Growth to help coordinate economic issues, resolve the Third World debt crisis and pursue trade issues in the Uruguay Round.

RICHARD GEPHARDT

- Believes first priority is reducing the federal budget deficit and moving toward a balanced budget.
- Supports strengthening human-resource capabilities.
- Sponsored legislation requiring, under certain circumstances, mandatory reduction in trade imbalances with countries that have excessive trade surpluses resulting from unfair trade practices.
- Supports expanded trade liberalization through new GATT negotiations.
- Believes unfair foreign-export subsidies and dumping should be met with countervailing duties and "private right of action" to sue for damages if anti-dumping laws are repeatedly violated.
- Supports strengthening measures to protect intellectual property.
- Supports federal promotion of U.S. exports.
- Believes research and development priorities should be re-ordered.
- Believes U.S. firms should be freed from "archaic laws" that prevent them from teaming up in joint research and development ventures.
- Supports establishment of internationally-recognized workers' rights.

ALBERT GORE, JR.

- Believes top priority is cutting the federal budget deficit.
- Supports working with the private sector and with state and local governments to encourage increased investment in all aspects of the productive base of the economy.
- Favors stepping up international efforts to open foreign markets and to eliminate trade practices that are inconsistent with basic GATT principles.

JESSE JACKSON

- Believes an effective national trade policy should include aggressive federal initiatives and coordinated programs to improve competitiveness, promote investments in R&D and human resources, and increase American exports.
- Believes trade agreements negotiated bilaterally or through GATT must be "fair and mutually beneficial."
- Believes a major cause of the trade deficit is record budget deficits, which have

driven up the value of the dollar and have made U.S. products uncompetitive in the world market.

- Believes America has lost its industrial and commercial competitiveness because of "inordinate focus" on military research and development.

PAUL SIMON

- Believes key steps are "more prudent fiscal policies" and sustained exchange-rate reform.
- Favors development of new programs within Eximbank, specifically targeted toward small manufacturers.

REPUBLICANS

GEORGE BUSH

- Supports export-expansion efforts. Proposes to negotiate with trading partners in "demanding an international commitment to free trade."
- Favors encouraging trading parties to increase their economic growth.
- Believes "protectionism" is an "artificial and inappropriate response to unfair trade."
- Advocates building on the free-trade agreement with Canada by working with Mexico to create a "North American Compact."

ROBERT DOLE

- Proposes several macroeconomic initiatives, including: reducing the federal budget deficit; maintaining mechanisms to aid the accurate adjustment of exchange rates; exploring and implementing policies that reduce global debt burdens and restore traditional U.S. markets, including debt-equity swaps; and encouraging other countries such as Japan and West Germany to maintain economic policies to restore more balanced trading conditions.
- Co-sponsored amendment to 1987 Senate trade bill that would require the President to take action against major trade barriers in those countries that show a consistent pattern of unfair trade.
- Believes negotiations with foreign governments to reduce or eliminate unfair trade practices will not succeed unless it is clearly understood that the United States is prepared to insist on equality of access.
- Believes trade laws must be strengthened to deal with the theft of intellectual property and fraudulent customs practices and that anti-dumping and countervailing duty laws must be reviewed and updated where necessary. Supports review of the emphasis on adjustment process so that industries and workers are given opportunity to recover and avoid perpetual government assistance.
- Believes the President should be given broader authority to relax regulatory and statutory requirements for limited time periods; and that trade adjustment assistance laws should be revised to focus on the retraining of workers rather than merely on the extension of their unemployment benefits.
- Supports improving research capabilities; increasing emphasis on education, particularly the sciences; improving labor-management relations; raising the savings rate to increase investment; and eliminating unnecessary regulations.

PETE DU PONT

- Proposes responding to trade deficit by expanding exports and making the U.S. economy more efficient.
- Believes restrictions — such as those that prevent Alaskan oil and natural gas from being shipped to Japan and prohibit export of timber harvested from government lands —should be eliminated to increase exports by $20 billion and thus cut the trade deficit by nearly 15 percent.

ALEXANDER HAIG, JR.

Advocates a five-point plan to address problem of trade imbalances, which includes:

- Putting America's fiscal house in order by reducing the federal budget deficit.
- Putting America's industrial house in order by government, business and labor "working together to improve our manufacturing performance."
- Forging a "freer and fairer" trading system, including establishing a timetable to address problem of farm subsidies and seeking reform of barriers to competition in services.
- Devising a "better deal" for the problems of Third World debt, including an increased role for the World Bank; an orderly change in dimensions of old debt, partly through resale on secondary markets and through equity/debt swaps; and a larger role for public financing through government guarantees.
- Reviving effective international cooperation, especially through economic summits.

(From "Five Steps to Greater Prosperity," An Address to the American Bankers Association, June 1, 1987.)

JACK KEMP

- Proposes launching an American "pro-trade offensive" by creating a North American Free Trade Area. Would break down all tariff and nontariff barriers among the United States, Mexico, Canada and Latin America.

(From "Winning in the World Economy.")

PAT ROBERTSON

- Believes that America's position in world markets can be improved by removing government restrictions on U.S. exports and by unleashing U.S. businesses to compete with foreign rivals.
- Believes in an aggressive trade policy that seeks and develops new markets while pursuing more open markets.
- Supports technological innovation and improvement in the quality of U.S. goods.
- Believes trade must be reciprocal: "Nations that close their doors to our products will find ours closed to theirs."

COMPETITION FROM LOW-WAGE COUNTRIES

Question: *How can U.S. companies meet the increasing competition from low-wage countries such as South Korea, Taiwan and Brazil? What should the government's role be in this effort?*

DEMOCRATS

BRUCE BABBITT

- Believes that American economic success does not require competing with low-wage countries; instead the United States should work to increase its standard of living by creating a "well-trained and flexible work force" and "high-wage, high-value" jobs.

MICHAEL DUKAKIS

- Believes that U.S. firms can meet this competition by increasing productivity and investing in product innovation so they are not forced to compete solely on the basis of price.
- Supports existing federal law, which bars granting favored trading status to countries that systematically deny internationally accepted worker and human rights.

RICHARD GEPHARDT

- Believes that the President must have a "flexible hand" in applying sanctions against a foreign government that violates international trade rules, and that countries that do not abide by the standards of the International Labor Organization gain a competitive advantage that should be considered an unfair trade practice.

ALBERT GORE, JR.

- Believes that improving domestic productivity is the best way for the United States to meet competition from low-wage countries and that America should maximize its advantages: its technological capabilities and its skilled work force.
- Does not support competing by forcing down the wages of American workers or by "emulating practices America believes to be unjust."

JESSE JACKSON

- Believes the President should negotiate bilateral exchange-rate agreements with countries such as Taiwan and South Korea to effect a depreciation of the dollar similar to that achieved for other currencies.
- Proposes stopping the flow of jobs out of America to "repressed" labor markets abroad by eliminating incentives for U.S. firms to establish overseas operations.
- Favors legislation to make the repression of workers' rights an unfair trade practice.

PAUL SIMON

- Believes that if the government must take steps to equalize the differences between America's standard of living and that of foreign nations, it should be done by encouraging other countries to move up to U.S. standards.
- Co-sponsored provisions to make violations of internationally recognized worker rights an unfair trade practice.
- Believes that the United States can retain its "national advantage" in innovation and quality through federal encouragement of research and development.

REPUBLICANS

GEORGE BUSH

Did not respond.

ROBERT DOLE

- Believes U.S. should not compete on basis of wages, but by developing areas of present or potential strength: the work force, technology and entrepreneurship.

PETE DU PONT

- Believes U.S. companies must become more efficient to compete with low-wage countries.

ALEXANDER HAIG, JR.

Did not respond.

JACK KEMP

Did not respond.

PAT ROBERTSON

- Believes the federal government should promote economic growth and development worldwide, particularly in low-wage countries. Believes that wages in the United States traditionally have been high because American business has been productive and labor-efficient. When the economy is competitive, demand for labor is strong and workers' wages are higher. Also, more prosperous countries can buy more U.S. exports.

MANDATORY REDUCTION IN TRADE IMBALANCES

Question: *Do you support a measure proposed by Congressman Richard Gephardt to require, in certain circumstances, a mandatory reduction in trade imbalances with countries whose excessive trade surpluses are caused by foreign unfair trade practices?*

DEMOCRATS

BRUCE BABBITT

- Opposes such a mandatory reduction in trade imbalances. However, favors a negotiated set of international agreements requiring countries to balance their multilateral trading accounts. Any country with an overall multilateral trade surplus must reduce that surplus by one-third each year or face across-the-board tariffs that increase annually.

MICHAEL DUKAKIS

- Does not support the proposed measure to require mandatory reduction in trade imbalances with countries running a trade surplus with the United States, but approves of some of its elements.

RICHARD GEPHARDT

- Sponsored mandatory-reduction measure.

ALBERT GORE, JR.

- Opposes such a mandatory reduction in trade imbalances.

JESSE JACKSON

- Opposes, in principle, mandatory reduction in trade imbalances, but would support such measures because he feels President Reagan "hasn't been vigilant enough on trade."

PAUL SIMON

- Does not support such a mandatory reduction in trade imbalances, but is not unwilling to use access to the U.S. market as leverage to address unfair trade practices.

REPUBLICANS

GEORGE BUSH

- Opposes such a mandatory reduction in trade imbalances.

ROBERT DOLE

- Proposed alternative to measures requiring mandatory reduction in trade imbalances with surplus countries. Proposal would require the U.S. Trade Representative to initiate Section 301 cases against countries that engage in a "persistent pattern" of unfair trade.

PETE DU PONT

- Strongly opposes such a mandatory reduction in trade imbalances.

ALEXANDER HAIG, JR.

- Opposes such a required mandatory reduction in trade imbalances with countries with excessive trade surpluses resulting from unfair trade practices. Describes such measures as "the wrong act, in the wrong place, at the wrong time."

JACK KEMP

- Opposes such a mandatory reduction in trade imbalances.

PAT ROBERTSON

- No information available.

Responses to this question were taken from Congressional voting records, the *Wall Street Journal* (June 29, 1987), and candidate speeches and position statements.

FOREIGN GOVERNMENT SUBSIDIZATION OF INDUSTRIES

Question: *How should the federal government address the problem of foreign government subsidization and development support for high-technology industries such as the European Airbus program?*

DEMOCRATS

BRUCE BABBITT

- Believes foreign technology subsidies are less of a problem than America's "failure to apply the fruits of innovation to our production."

MICHAEL DUKAKIS

- Proposes strengthening the GATT subsidy, government procurement and aircraft codes and improving dispute-settlement mechanisms. In the meantime, would use existing statutes that apply to these practices.

RICHARD GEPHARDT

- Supports current law and the trade bill currently under consideration in Congress, which treat subsidies like those given to Airbus as actionable practices under international law.

ALBERT GORE, JR.

- Believes that the agreement to establish a code of conduct on government subsidies was one of the important achievements of the Tokyo Round of GATT. While acknowledging that some progress has been made, believes foreign government subsidies continue to keep the playing field uneven. Does not believe retaliation is the solution; instead supports bilateral and multilateral efforts to design more effective trade rules in this area.

JESSE JACKSON

- Believes the United States must push for greater compliance with GATT provisions such as the procurement and aircraft codes. Believes that rules governing these practices must be strengthened through multilateral negotiations such as the GATT Uruguay Round.

PAUL SIMON

- Proposes addressing foreign government subsidies through bilateral and multilateral negotiations, including GATT.

REPUBLICANS

GEORGE BUSH

Did not respond.

ROBERT DOLE

- Supports effective utilization and, if necessary, self-initiation of U.S. trade laws, including Section 301.

PETE DU PONT

- Believes foreign governments should be discouraged from using "counterproductive" subsidies, but that the real victims of these policies are ultimately the countries that use them.

ALEXANDER HAIG, JR.

Did not respond.

JACK KEMP

Did not respond.

PAT ROBERTSON

- Opposes foreign government subsidization of high-tech and other industries as an unfair and discriminatory economic practice. Would vigorously pursue government initiatives to discourage such conduct. Strongly advocates a free-market approach to competition.

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SCIENCE AND TECHNOLOGY

Science and technology have traditionally been one of America's greatest competitive strengths, providing a major source of exports and accounting for a significant portion of U.S. productivity gains. In many ways the United States remains preeminent in science and technology; the main stumbling block has been taking full advantage of scientific strengths. Frequently, major new advances made by the American scientific establishment are not successfully carried into the marketplace by U.S. firms, and too often the efficient, low-cost production of new goods takes place overseas.

Among the major concerns: too much federal R&D spending is directed toward defense-related research, with insufficient spin-offs to the private sector; Congress has failed to make permanent the R&D tax credit; the research infrastructure at U.S. universities (which conduct about half of all basic research) is deteriorating; and foreign competitors (notably the Japanese) have established major collaborative programs to capture world leadership in semiconductors, the "building blocks" for virtually all high-tech products. Candidates were asked to address these and other issues.

FEDERAL R&D PROGRAMS

Question: *What is the impact on American competitiveness of the high percentage of federal R&D funds (70 percent) targeted toward defense-related research? Would you favor increased federal funding of R&D targeted at civilian commercial competitiveness? If so, what type of mechanisms or programs would you favor?*

DEMOCRATS

BRUCE BABBITT

- Believes that the military has received a disproportionate share of America's investments in science and technology.
- Favors the highest ratio of civilian to military investment "consistent with the genuine requirements of national security."
- Believes that pure scientific research is important, but that the top priority should be the commercial application of new technology.

MICHAEL DUKAKIS

- Believes America needs a better balance between research for military and civilian purposes; feels that the current imbalance could weaken America and national security.
- Proposes giving priority to civilian research and development, particularly in new manufacturing technologies.
- Supports the national network of Centers of Excellence in new and applied technology.

RICHARD GEPHARDT

- Believes federal funding for defense research is important, but that civilian commercial competitiveness must be promoted more.
- Believes federal government annually should invest 3 percent of GNP in civilian research programs.
- Proposes an Advanced Technology Institute to foster applied research and develop cost-saving techniques. Institute also would help fund regional technology centers at leading universities, contribute to jointly sponsored government/industry projects and develop curricula to improve America's competitive posture.
- Proposes creating an office in the White House to evaluate federal research efforts and to shift priorities to enhance the development of applications.

ALBERT GORE, JR.

- Believes that the federal government's role in funding research has led to some of the nation's most impressive scientific and technological advances. However, over the past seven years, growing proportions of research dollars have been devoted to defense-related projects that have yet to yield the promised commercial spin-offs. Is concerned that too many scientists and engineers are being drawn into "weapons research" rather than searching for new products.
- Favors getting the federal research agenda "back on track." Believes public policies should support, in addition to basic and applied research, more rapid utilization of new technologies.
- Believes federal government should support and collaborate with the private

sector — by funding research and training and by providing access to resources such as the federal laboratories.

JESSE JACKSON

- Believes that an excessive emphasis on defense-related R&D has caused the United States to lose industrial and commercial competitiveness. He says more than half of the nation's scientists and engineers and 6 percent of the GNP are oriented toward the military.

PAUL SIMON

- Believes that "too much" government-sponsored research is in the defense area, which provides few "spillovers" to the civilian sector.
- Supports increased funding of federal programs aimed at promoting civilian commercial competitiveness.
- Believes that because of budget deficits, resources must be targeted to areas where the return will be greatest.

REPUBLICANS

GEORGE BUSH

- Favors more government and business resources for R&D efforts. Would support increased federal R&D investment beyond the current "strong" levels.

ROBERT DOLE

Did not respond.

PETE DU PONT

- Believes primary purpose of defense R&D is to keep the U.S. strong. Feels that there have been a number of ways in which defense R&D efforts have contributed to U.S. commercial competitiveness and that there has been a conscious effort to ensure that defense-related technological breakthroughs are communicated as rapidly as possible to the civilian/commercial sector.
- Does not believe that the effectiveness of defense R&D should be measured by looking at its success in fostering commercial products.
- Believes that the most effective federal assistance for civilian R&D is low tax rates, which allow companies to enjoy the full returns on their investments.

ALEXANDER HAIG, JR.

Did not respond.

JACK KEMP

Did not respond.

PAT ROBERTSON

- As demonstrated by the space program, believes federal funding of defense research and development, such as SDI technology, can contribute significantly to commercial competitiveness through innovative technology and scientific advancements in such fields as superconductivity.

- Does not favor increased federal funding to promote civilian commercial competitiveness. Instead, favors reduction in "costly" government regulations and interference with business to free the private sector "to pursue its natural instincts toward enhanced competition."

FEDERAL SUPPORT OF SCIENCE AND TECHNOLOGY

Question: *The candidates were asked their views on three other R&D-related issues. Should the R&D tax credit be made permanent? Should the federal government provide funds to U.S. universities to upgrade their research facilities' infrastructure? And do you support federal funding for the Sematech semiconductor consortium? If so, would you support similar collaborative programs?*

DEMOCRATS

BRUCE BABBITT

On R&D tax credit:

- Supports the R&D tax credit, but would not make it permanent; believes the federal government must retain flexibility over tax and budget policy so that policies can be adjusted to meet the needs of changing economic conditions.

On federal funding for upgrading university infrastructure:

- Supports federal funding to upgrade university research facilities.

On federal funding for Sematech:

- Supports modest federal funding for high-technology industry research, but believes principal problem is a failure to apply the fruits of innovation to production, not a lack of R&D.

MICHAEL DUKAKIS

On the R&D tax credit:

- Supports making the R&D tax credit permanent.

On federal funding for upgrading university infrastructure:

- Supports federal funding to upgrade university research facilities, which he believes should be leveraged by requiring matching grants from states and the private sector.

On Sematech:

- Supports federal funding for Sematech and for other "strategically" important industries facing intense foreign competition. Would make federal support contingent upon three factors: if it is matched by private sector contributions; if labor and management have developed a strategy for regaining competitiveness; and if a determination that the industry is "vital" to the health of the economy.

RICHARD GEPHARDT

On R&D tax credit:

- Supports making R&D tax credit permanent and expanding tax credits for research and development, especially for manufacturing processes.

On federal funding for upgrading university infrastructure:

- Supports federal funding for modernization of university laboratories and instruments.

On Sematech:

- Supports federal involvement in Sematech and similar programs.

Other:

- Supports a "factory extension service" to bring advanced technology and innovations to factories across the country.

ALBERT GORE, JR.

On R&D tax credit:

- Co-sponsored legislation to make the R&D tax credit permanent and raise it to 25 percent.

On Sematech:

- Without being specific, believes federal government should collaborate with and support private sector R&D efforts.

JESSE JACKSON

On federal funding for upgrading university infrastructure:

- Supports federal funding to upgrade university infrastructure.

PAUL SIMON

On the R&D tax credit:

- Supports making the R&D tax credit permanent.

On federal funding for upgrading university infrastructure:

- Supports federal funding to upgrade university research facilities.

On Sematech:

- Supports federal funding for Sematech.
- Believes direct government involvement in industries must be approached on a case-by-case basis.
- Supports government involvement in those industries that can "prove that they are willing to take steps — sometimes painful — to restore their competitiveness."

REPUBLICANS

GEORGE BUSH

On R&D tax credit:

- Supports making the R&D tax credit permanent.

Other:

- Supports strengthening intellectual property protection to encourage innovation.
- Believes that American business needs closer partnerships with government and university labs to promote better commercialization of scientific advances.

ROBERT DOLE

On R&D tax credit:

- Would be willing to consider extension of a well-targeted R&D tax credit if it could be done in a "fiscally responsible manner." Because it is a relatively expensive item, believes a fair, offsetting revenue item must be cut to hold down the budget deficit.

Other:

- Supports strengthening intellectual property protection.

PETE DU PONT

On R&D tax credit:

- Supports the R&D tax credit; believes the best long-run strategy is to replace specific tax preferences with lower across-the-board marginal rates.

On federal funding for upgrading university infrastructure:

- Believes federal funding of university research is important, but that funding generally should be tied to specific contracts and projects.

On federal funding for Sematech:

- Does not support federal funding for specific industries or direct government involvement in commercial activities.

Other:

- Favors reducing antitrust restrictions on corporate collaboration on research and development or marketing efforts.

ALEXANDER HAIG, JR.

- Favors taking advantage of opportunities in world markets for joint research and development of new technologies.
- Favors greater protection of intellectual property.

(From "Five Steps Toward Greater Prosperity," An Address to the American Bankers Association, June 1, 1987.)

JACK KEMP

Did not respond.

PAT ROBERTSON

On R&D tax credit:

- Supports making the R&D tax credit permanent.

On federal funding for upgrading university infrastructure:

- Favors upgrading research infrastructure through state funding and support from private sector.

On federal funding for Sematech:

- Undecided.

Other:

- Strongly supports efforts to establish greater government protection of intellectual property rights.
- Supports tightening the Freedom of Information Act to restrict access to the trade secrets of U.S. companies by foreign competitors and communist nations.

PRODUCT LIABILITY

Question: *What are the linkages between U.S. product-liability laws and efforts to develop and commercialize new technologies? How do you view the related issue of victim compensation?*

DEMOCRATS

BRUCE BABBITT

- Does not favor fundamental changes in tort law. Believes that U.S. companies must bear responsibility for the safety of their products by fully compensating "the victims of their negligence."

MICHAEL DUKAKIS

- Would urge states to take the lead in product-liability regulation. Would encourage drafting of a uniform state code to serve as a model.

RICHARD GEPHARDT

- Believes America must work to find "that fine line" that protects and allows continued innovations by U.S. industry while protecting the American people.
- Believes that individuals injured through the fault of others "clearly are entitled to full compensation for economic loss."

ALBERT GORE, JR.

- Supports "justifiable levels" of compensation for consumers victimized by faulty or dangerous products. Believes that the system for determining compensation must be "fair and reasonable" and not deter companies from taking risks associated with new product development.

JESSE JACKSON

Did not respond.

PAUL SIMON

- Believes that U.S. product liability laws have sometimes interfered in the commercialization of new technology and that the "whole system" need to be "looked at."
- Also, believes that product safety must be promoted, that persons injured by defective products are fairly compensated and that neither plaintiffs nor defendants enjoy an "unfair advantage."

REPUBLICANS

GEORGE BUSH

Did not respond.

ROBERT DOLE

- Believes that product-liability laws need to be reformed, so that the cost of developing and commercializing new technologies can be reduced.
- Believes it will be difficult to strike a balance between the need to ensure that corporations are conscientious about product testing without making testing so expensive that companies slow the development of new technologies.

PETE DU PONT

- Believes that reforming liability laws would contribute substantially to America's ability to develop and commercialize new technologies.
- Believes liability laws are not an efficient means of providing victim compensation or deterring dangerous products. Believes "deep-pocket" theory of liability has led courts to "levy huge judgments" against companies and individuals that

had little or no direct involvement in creating the damage. As a result, companies are not certain what they need to do to avoid legal liability.

ALEXANDER HAIG, JR.

Did not respond.

JACK KEMP

- Supports tort reform, including: returning to the "fault-based" standard for liability; eliminating "joint and several liability" in cases where defendants have not acted in concert; limiting pain and suffering, mental anguish and punitive-damage awards to reasonable minimum amounts; and limiting attorney's contingency fees to reasonable amounts.

(From Remarks of Jack Kemp to the Convention of the National Federation of Independent Businesses, June 22, 1987.)

PAT ROBERTSON

- Believes that product-liability laws are deterring development and commercialization of new technologies.
- Supports reform of tort liability laws to put them back on a "fault-based" standard of liability and limiting damages to the actual monetary damages sustained by an injured party.
- Favors establishing a scale that limits awards lawyers can collect.

★ ★ ★

APPENDICES

QUESTIONNAIRE, PAGE 105
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COUNCIL ON COMPETITIVENESS QUESTIONNAIRE TO PRESIDENTIAL CANDIDATES ON COMPETITIVENESS ISSUES

The following question is designed to provide the candidate with an opportunity to outline in essay form his or her views on the origins of the competitiveness problem and how he or she would attempt to address it. Please attempt to limit your response to a maximum of 250 words.

What do you view as the principal causes of the erosion of American competitiveness and what would be your Administration's top two or three priorities to restore America's competitive position?

The Council on Competitiveness has divided the competitiveness issue into four sub-issues: (1) capital formation; (2) human resources; (3) international trade; and (4) science and technology. In addition to a question related to your general views on each of these issues, a number of specific questions are posed under each category. For open-ended questions, please try to limit your response to 100 words.

Capital Formation

1. Please provide your views on how you plan to address the problem of the low private savings rate in the United States and its negative effect on capital formation.

2. Would you take specific measures to increase the private savings rate in the United States?
Yes _____ No _____

If the answer is yes:

- Do you think any aspects of the 1986 Tax Reform Act should be rethought with the goal of increasing private savings?
  Yes _____ No_____
- If so, which provisions?
- Would you initiate a shift from income to consumption as a basis for the tax system?
  Yes _____ No _____

3. How important a role has the budget deficit played in declining U.S. competitiveness? What specifically do you propose to do — on both the spending and tax side of the ledger — to address this problem?

Human Resources

4. Please provide a brief statement on how you would address the need to create a more skilled, flexible, and motivated work force in the United States.

5. Given that the cost of higher education is rising much faster than general inflation, how do you propose to ensure that qualified students can afford to attend post-secondary educational institutions?

6. What do you envision as the federal government's role in restoring excellence to the K through 12 educational system?

- Should the federal government establish national standards for teachers?
  Yes _____ No _____

- Should the federal government establish national testing for students?
  Yes _____ No _____

7. Do you believe the federal government has a role to play in assisting workers' training and retraining efforts to meet the changing needs of the business community?
Yes _____ No _____

- If so, do you support tax incentives for corporations who provide training and retraining to their employees?
  Yes _____ No _____

- Do you support tax incentives for individuals who enroll in training and retraining programs?
  Yes _____ No _____

- If so, what type?

- What other types of programs would you support?

International Trade

8. Please provide your views on the steps that should be taken to improve America's position in world markets.

9. How can U.S. companies meet the increasing competition from low-wage countries such as South Korea, Taiwan and Brazil? What should the federal government's role be in this effort?

10. How do you propose that the government address the problem of foreign government subsidization and development support for high-technology industries such as the European Airbus program?

11. Do you support restrictions on imports of products such as textiles and apparel? Please explain.

Science and Technology

12. Please provide a brief statement of your views on the role of science and technology in the effort to restore competitiveness.

13. Over seventy percent of the federal funding of research and development is for defense and related purposes.

- How important do you believe this investment is for commercial competitiveness?
  Very _____ Moderately _____ Negative _____
- Would you favor increased funding of federal programs aimed directly at promoting civilian commercial competitiveness?
  Yes _____ No _____
- If the federal government were to substantially increase its investment in R&D to promote civilian industrial competitiveness, what type of mechanisms or programs would you favor?

14. Should the R&D tax credit be made permanent?
Yes _____ No _____

15. Should the federal government provide funds to U.S. universities to upgrade their research facilities, infrastructure?
Yes _____ No _____

16. Do you support federal funding for Sematech?
Yes _____ No _____

- If the answer is yes, would you support similar programs for other strategically important U.S. industries facing intense foreign competition?
  Yes _____ No _____
- If so, under what conditions?

17. What do you view as the linkages between U.S. product-liability laws and efforts to develop and commercialize new technologies? What are your views on the related issue of victim compensation?

SUPPLEMENTAL SOURCES

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Gephardt, Richard, "Position Papers on Trade."

Haig, Alexander M., Jr., "Education for Excellence," Remarks at the Trinity High School Commencement, June 16, 1987.

Haig, Alexander M., Jr., "Five Steps to Greater Prosperity," Address to the American Bankers Association, June 1, 1987.

Kemp, Jack, "Kemp Calls for 'ABCs' of Education Reform," September 11, 1987.

Kemp, Jack, "Remarks to the Convention of the National Federation of Independent Businesses," June 22, 1987.

Kemp, Jack, "Why History Need Not Repeat Itself."

Kemp, Jack, "Winning in the World Economy."

Simon, Paul, "P.S. Washington," A Weekly Column by Paul Simon, December 21-27, 1984.

ABOUT THE COUNCIL

Founded in 1986, the Council on Competitiveness is an organization of leading executives from industry, organized labor and higher education who have one overriding objective: to improve the ability of American companies and workers to compete in world markets. Among the Council's more specific goals are to increase public awareness of the competitiveness challenge; to promote consensus and cooperation on competitiveness-related issues within the private sector; and to assist in the development of far-sighted government policies that help Americans compete.

The Council is governed by an executive committee and draws on the resources of its national affiliates, more than two dozen trade associations, professional societies and research organizations, to help coordinate private sector activity. The Council is privately supported through contributions from its members, foundations and other granting institutions.

JESSE JACKSON (D)
ADDENDUM

OVERALL VIEWS

"For many, the October crash, taking place in New York, London, Tokyo, Hong Kong, brought home our international interdependence. But before that, many American farmers and manufacturing workers crashed. Left without livelihoods because of declining exports and rising imports.

"Part of the problem rests with the Reagan Administration's misguided economic policy, which set the dollar on a five-year roller coaster. No government can afford to surrender so much of its national sovereignty by ignoring what happens to its citizens from an incomprehensible exchange rate policy. How can businesses make long-range market strategies facing an eighty percent swing in the exchange rate over five years?

"Part of the problem rests with corporations themselves. American multinationals, chasing short-run profits and concerned with quarterly statements, have taken American jobs to low-wage labor markets abroad. They have closed plant after plant with no notice to the workers or the communities and with no concern for the resulting hardship.

"My Administration would:

- Coordinate exchange rate policy with monetary and fiscal policy and negotiate adjustments in exchange rates with major trading nations such as South Korea and Taiwan.

- Shift the incentives from corporations merging and purging jobs to reinvestment in America, retraining workers, and research and development for commercial use. This would include investments financed by pension funds assisted by federal guarantees on the debt.

- Set a policy which treats labor rights as human rights abroad and which mandates notice to, and consultation with, workers and communities in case of plant shutdowns."

Released by the Candidate's office on January 27, 1988

ADDENDUM

GARY HART

★ ★ ★

Council on Competitiveness

COMPETITIVENESS AND CAMPAIGN 88

Gary Hart re-entered the 1988 Democratic Presidential race after the Council's report had gone to press. This Addendum summarizes his views on the same competitiveness issues addressed by the other candidates. The material was based upon information supplied by Mr. Hart in his publication "Reform, Hope, and the Human Factor: Ideas for National Restructuring."

☆ ☆ ☆

GARY HART

OVERALL VIEWS

"The most daunting task facing political leaders and private citizens alike involves figuring out the new global economy and America's place in it. Economic policy is a decidedly dismal science, particularly when it is treated as an end in and of itself....

"We must seek economic growth not only to improve material standards of living, but as an instrument of social cohesion at home and an expression of American values abroad.

"We must consider America's opportunities and responsibilities in the realm of international economics, and how nations are breaking out of the 'Third World' box to become major competitors in global trade. But to create a new, more evenly balanced world economy, and to give the poorer people of the world a measure of hope, America is going to have to play a more imaginative role than it is today.

"Not through ritualistic incantations of nineteenth-century laissez faire. Not by just repeating popular buzzwords like competitiveness, which caricature international trade as a swim meet among economies and falsely portray America's interest as 'beating the other guy.' And not by erecting a Maginot Line of protectionist measures, which is tantamount to declaring defeat in world trade....

"The creative response is challenging, but equally simple. It requires laying down the law against protectionism — on both sides of the ocean to prevent a trade war. It requires a new set of priorities here at home to get our own fiscal house in order. And most of all it requires overdue investments in our students and workers, our plants and our tools, our laboratories and our schools, and our public infrastructure."

CAPITAL FORMATION

On the federal budget deficit:

"It is incumbent upon all national leaders to state clearly and straightforwardly the truth — we must reduce this deficit, and it cannot be done without restraining defense spending and increasing non-income tax revenues...."

On spending:

- Proposes "real savings" in defense through military reform.
- Supports continued domestic spending restraint, reductions in payments to huge corporate farms and savings in Medicare reimbursements to physicians.

On revenues:

- Supports an energy tax of $10 per barrel on imported oil.
- Favors extension of the "third bracket" to upper-income individuals.

HUMAN RESOURCES

"Education and training are the core of a national investment policy; human skill and talent are our most vital resource....

"Education no longer ends on a particular graduation day. The problems of international competition, automation and technological change make education, by necessity, a life-long endeavor....Our society must make training as available to workers as public education is to their children.

"Equally important, workers deserve a new social compact to cope with job dislocation....Economic empowerment requires workers to be regarded as partners, not victims, in the economy. For if employees have more stock and say in their own companies, if they have a sense of owning their jobs, they will be far more productive and satisfied."

On education:

- Favors increasing the rewards to, and challenges of, teachers. Specific proposals include higher pay and increased professional standards such as basic, peer-created competency tests and in-classroom evaluation of starting teachers.
- Supports education reform, including increased teacher-student ratios, a longer school year, more authority for teachers and promotion by achievement.
- Favors increased support for disadvantaged children, including expanding successful programs such as Head Start, stressing nutritional and other support in pre-school years, and providing skilled teachers to fill shortages in rural and inner-city schools.
- Proposes that the federal government provide new financial incentives to local school districts to meet higher achievement levels in math, science and foreign languages.

- Supports expanded "talented and gifted" programs.
- Proposes providing student loans in the form of equity investments: the government would establish for all students a line of credit equivalent to the cost of tuition and other expenses; the loans would be repaid over the student's lifetime with a surtax on income enhanced by that educational opportunity.

On training and retraining:

- Supports a comprehensive adjustment strategy that anticipates worker dislocation, plant closings and relocation; favors advance notification of plant closings.
- Favors individual training accounts.
- Supports a reformed program of trade adjustment assistance.
- Favors expanding job-training partnerships with the private sector.
- Favors portable pensions.

INTERNATIONAL TRADE

"The international economy must resist a tidal wave of protectionism, and America should be leading the way by adhering to its forty-year commitment to a free and open trading system. Instead, we are offered a false choice between a purist's notion of free trade and protectionism.

"Rather than stopping trade...we must restore fairness to the system. That means strengthening sanctions, eliminating trade preferences and cutting fair trade compensation for those who flout our trade laws. We must end concessions for countries that violate workers' rights. We must cancel cutbacks in the Customs budget that make it more difficult to police dumping by our competitors. But we must not resort to percentage protectionism. Across-the-board cuts in trade, without regard to violations, must be exposed for what they are — outright protectionism.

"Experience has taught us in industry after industry that quotas and tariffs designed to provide 'temporary relief' become permanent entitlements for outmoded management — unless they are accompanied by serious conditions....Industrial renewal must start with tough and realistic compacts among labor, management and government. They should include goals for prices, output, productivity and international market shares consistent with the industry's potential. I call such compacts Industrial Modernization Agreements."

SCIENCE AND TECHNOLOGY

"To meet our competitive challenges, to train and equip far more engineers and scientists, we must increase investment directly through supported research and fellowships. Particularly important are portable, multi-year fellowships for mathematics, engineering and the natural sciences.

"Just as our roads and bridges are in need of repair, so too must our research and training facilities be modernized to become the standard of the world....To build the intelligence and skill infrastructure of tomorrow, we must return the United States to the forefront of basic research, innovative development and aggressive international marketing. The key to realizing these goals is partnership....We must promote new collective initiatives by private industry, educational institutions and state governments to strengthen science, engineering and technical education."

On federal R&D:

- Favors a "vigorous" national science program with initiatives in space science, health research, basic physics and biology to attract the brightest youth to these research fields of the future. Believes "we cannot continue to squander our best minds and scarce resources on star wars or merger wars."

On federal funding for upgrading university infrastructure:

- Supports a High-Technology Morrill Act to aid university-industry initiatives by investing in laboratories, computer literacy and economic development. Projects could include teacher training, research centers, laboratory sharing, computer applications or other programs that the public and private partners deem effective.

Other:

- Supports increased fellowships for training engineers and scientists.

1987-present, Attorney, Davis, Graham, and Stubbs; 1974-1986, U.S. Senator from Colorado; 1972, Campaign Manager, Democratic Presidential Candidate George McGovern. Age 51.

ISSUE PROFILES

CAPITAL FORMATION

What specific steps, if any, would you take to increase the private savings rate? Would you rethink any portions of the 1986 Tax Reform Act? If so, which portions? And do you favor a shift from an income-based tax system to a consumption-based one?

No information available.

How important a contributor has the federal budget deficit been to declining competitiveness? What specific steps would you take — on both the spending and revenue side of the ledger — to reduce the deficit?

On spending:

- Proposes "real savings" in defense through military reform.
- Supports continued domestic spending restraint, reductions in agricultural payments to huge corporate farms and savings in Medicare reimbursements to physicians.

On revenues:

- Supports an energy tax of $10 per barrel on imported oil.
- Favors extension of the "third bracket" to upper-income individuals.

HUMAN RESOURCES

What is the federal government's role in restoring excellence to the K-12 educational system? Specifically, should the federal government establish national standards for teachers or national testing for students?

- Favors increasing the rewards to, and challenges, of teachers. Specific proposals include higher pay and increased professional standards such as basic, peer-created competency tests and in-classroom evaluation of starting teachers.
- Supports education reform, including increased teacher-student ratios, a longer school year, more authority for teachers and promotion by achievement.
- Favors increased support for disadvantaged children, including expanding successful programs such as Head Start, stressing nutritional and other support in preschool years and providing skilled teachers to fill shortages in rural and inner-city schools.

- Proposes that the government provide new financial incentives to local school districts to meet higher achievement levels in match, science and foreign languages.
- Supports expanded "gifted and talented" programs.

Given that the cost of higher education is rising much faster than general inflation, how would you ensure that qualified students can afford to attend post-secondary educational institutions?

- Believes the opportunity for college-level education is an economic necessity.
- Supports expanding student loans and grants.
- Proposes providing student loans in the form of equity investments: the government would establish for all students a line of credit equivalent to the cost of tuition and other expenses; the loans would be repaid over the student's lifetime with a surtax on income enhanced by that educational opportunity.

What is the federal government's role in training and retraining to meet the changing needs of the business community? Specifically, do you support training tax incentives for corporations or individuals?

- Believes that society should make training as available to workers as public education is to their children.
- Supports changes in the trade adjustment assistance program to require that recipients participate in a training or literacy program.
- Favors mandatory advance notification of plant closings and more involvement of firms in training programs.
- Favors individual training accounts based upon the IRA concept.
- Favors portable pensions.

INTERNATIONAL TRADE

What steps should be taken to improve America's position in world markets?

Favors a four-pronged approach which includes:

- A "sensible" U.S. fiscal and monetary policy.
- A renewed commitment to expanding world trade and avoiding protectionism. This involves "restoring fairness to the system through the following measures: strengthening sanctions, eliminating trade preferences and cutting fair trade compensation for countries that flout our trade laws; ending concessions for countries that violate workers' rights; better policing of foreign dumping; requiring serious conditions for granting import relief.
- "Practical" solutions to the Third World debt crisis, including select direct debt relief and increased government efforts to restore capital to these countries.
- A new drive for development based upon expanding markets.

How can U.S. companies meet the increasing competition from low-wage countries such as South Korea, Taiwan and Brazil? What should the government's role be in this effort?

No information available.

Do you support a measure proposed by Congressman Richard Gephardt to require, in certain instances, a mandatory reduction in trade imbalances with countries whose excessive trade surpluses are caused by foreign unfair trade practices?

- Believes the United States must not resort to "percentage protectionism."

How should the federal government address the problem of foreign government subsidization and development support for high-technology industries such as the European Airbus program?

No information available.

SCIENCE AND TECHNOLOGY

What is the impact on American competitiveness of the high percentage of federal R&D funds (70 percent) targeted toward defense-related research? Would you favor increased federal funding of R&D targeted at civilian commercial competitiveness? If so, what type of mechanisms would you favor?

- Believes "we cannot continue to squander our best minds and scarce resources on star wars or merger wars." Favors a "vigorous" national science program with initiatives in space science, health research, basic physics and biology to attract the brightest youth to these research fields of the future.

The candidates were asked their views on three other R&D-related issues. Should the R&D tax credit be made permanent? Should the federal government provide funds to U.S. universities to upgrade their university infrastructure? And do you support federal funding for the Sematech semiconductor consortium? If so, would you support similar collaborative programs?

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- Supports a High-Technology Morrill Act to aid university-industry initiatives by investing in laboratories, computer literacy and economic development. Projects could include teacher training, research centers, laboratory sharing, computer applications or other programs that public and private sectors deem effective.

Other:

- Supports increased fellowships for training engineers and scientists.

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The Council is governed by an executive committee and draws on the resources of its national affiliates, more than two dozen trade associations, professional societies and research organizations, to help coordinate private sector activity. The Council is privately supported through contributions from its members, foundations and other granting institutions.

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